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Experiences of Money Management in the Youth Service

February 2021

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Disclaimer

The views and interpretations in this report are those of the researcher and are not the official position of the Ministry of Social Development.

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Executive Summary

Money management is a compulsory scheme, introduced in the Youth Service, where recipients of the Youth Payment (YP) and Young Parent Payment (YPP) have a proportion of their benefit income reserved so that it can only be spent on designated goods and services. Money management comprises of:

The management of payments	<ol style="list-style-type: none">1. Redirection of money to accommodation and utilities2. Payment Card3. In-hand allowance (up to \$50)
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Budgeting component	<ol style="list-style-type: none">1. Budgeting programmes2. Budgeting conversations with youth coaches
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In 2018, the Government established the Welfare Expert Advisory Group (WEAG) to review the New Zealand welfare system. In their report, *Wakamana Tāngata – Restoring Dignity to Social Security in New Zealand (2019)*, the WEAG recommended that compulsory money management in the Youth Service be abolished. To better understand young people’s experiences of compulsory money management, the Ministry of Social Development (MSD) agreed to seek the views of external stakeholders about compulsory money management and associated issues.

This paper discusses the findings of two research studies on compulsory money management¹. The first study, part one of this paper, discusses what Youth Service providers consider the merits and problems with compulsory money management in its current form, and presents their feedback on alternative options to money management. It offers providers’ recommendations to improve the way the YP and YPP are managed in the Youth Service.

The second study, part two of this paper, discusses the experiences of compulsory money management for past and current recipients of YP/YP partner and YPP/YPP partner. It highlights the merits and problems recipients experience with compulsory money management in its current form and provides their feedback on alternative options for money management. It also outlines young people’s recommendations to improve money management.

The findings of this research hope to inform the changes being considered to the way money management currently functions.

It is important to note that the paper does not evaluate the effectiveness of money management as a way to improve the financial stability and financial capacity² of young New Zealanders receiving the YP/YPP.

¹ This research does not include Total Money Management, which is an optional service delivered by some providers broader than the Youth Service.

²This report will use the terms capacity and competency to describe the present ability of the young person to successfully or effectively manage finances.

Key Findings

Which option for money management do providers and recipients prefer?

- Providers believe that **the best approach** to money management would be to **let youth coaches decide** who should be placed under money management.
- **Almost as many young people preferred that youth coaches decide** which young people should be put on money management **than those who thought it should stay compulsory** until obligations are met.
- Both providers and youth recipients strongly indicated that **the least preferred option was to remove money management** completely.
- There was concern among providers that the complete removal of money management would result in young people requiring additional assistance to meet their basic needs, thereby increasing the need for emergency housing and food grants.

What is working?

- Most providers (64 percent) agreed that money management is beneficial to most young people.
- Providers and young people felt that while money management is largely beneficial for most young people, for some it can contribute to difficulty.
- Even the providers and recipients who advocated to keep money management as compulsory often noted that they would want several changes made to money management if it was kept.
- Providers reported that the two main components of money management (the management of payments and the budgeting component) were similar in their effectiveness in ensuring that the needs of young people are met.
- Providers thought that the budgeting component was more successful in increasing the financial capacity of young people than the management of their payments.
- Half of YP/YPP recipients thought that the way their payments are managed helps them to meet their basic needs.
- Young people indicated that the budgeting component was more helpful than the management of their payments through Youth Service in ensuring their basic needs are met and in increasing their financial capacity.

What are the problems associated with money management?

- In general, young people do not have strong positive feelings towards money management.
- The limited use of the payment card was one of the main problems young people experienced with money management. It was reported to be a key contributor to the incur of debt (along with the frequently slow process of setting up the redirection of payments).
- Considering the limited use of the card, the small amount of money received as an in-hand allowance was often inadequate to meet the needs of young people and hindered young people to save.
- Additionally, many young people report that money management as it stands:
 - inhibits them from learning how to manage their own finances
 - can make them to feel stigmatised and impacts their mental health

- does not make them feel empowered.
- Young people living in rural areas and young parents in particular felt disadvantaged by money management.

How do providers and recipients suggest money management be improved?

1. The settings for money management should recognise that different groups of young people have different needs

- Providers and young people felt that YP clients and YPP clients had different needs and called for these to be reflected in the way Youth Service supports young people.
- The unique needs of recipients in rural areas and young parents should be considered.

2. There needs to be a reliable way to determine who needs money management

- Young people and providers mentioned that whether or not money management became reserved only for those who require help to manage their own finances, there needs to be a reliable way to determine who needs to be placed under it/taken off.
- Despite the fact that the preferred option was to let youth coaches decide, both parties expressed a need for consistent criteria to be applied to limit the discretion of individual youth coaches.

3. Redirections of payments should be optional and flexible

- Providers were relatively supportive of the redirections of the payments (especially towards rent) but suggested there be more options and flexibility surrounding redirections. They also thought the time it took to process redirections disadvantaged recipients.
- Many young people would like to have the option of having their payments redirected.

4. The payment card should be removed or expanded

- Providers and recipients strongly advocated for the payment card to be removed.
- In the case that the payment card was to continue, both groups wanted how and where the payment card could be used to be considerably expanded.
- Being able to purchase petrol with the payment card was one of the most frequently mentioned recommendations regarding how to expand the use of the card.
- The limited use of the payment card especially disadvantages young parents and young people living in more rural areas.

5. The in-hand allowance should be increased (especially if payment card remains)

- The perceptions of the adequacy of the in-hand allowance was intrinsically linked to perceptions of the problems associated with the limited use of the payment card.
- Young people and providers felt that the amount young people receive directly into their bank accounts should be increased. This is particularly the case if the payment card is to be kept.

- Young parents in particular struggled to meet the needs of their families considering the limited use of the payment card and the amount they received as an in-hand allowance.

6. The nature of obligations should be revised

- Providers expressed strong support for the budgeting component.
- However, some felt that the length of time young people needed to meet their obligations before being taken off money management needs to be reduced.
- Recipients felt that parenting and budgeting programme did not always reflect their lives well.
- Young parents felt that obligations could be more cognisant of the needs of parents.

7. The relationship between Youth Service and recipients could be improved

- Young people want to have more positive engagement with their youth coaches.
- Young people feel that youth coaches prioritise financial support when young people want more personal and emotional support.
- Some young people also want more frequent engagements with youth coaches.
- They feel that the support offered by Youth Service could be more reliable.

Limitations of the research

- This research focused on the perspectives of Youth Service providers and YP/YPP recipients on money management. These views, while important, do not constitute sufficient evidence of the impact of money management on the outcomes of young people.
- The survey had a low response rate from young people. It is likely not a random sample of young people on YP/YPP, given the online mode of the survey. Taking this into account, caution should be applied when generalising the findings to all young people and providers.

Background

Work and Income provides the Youth Payment (YP) and Young Parents Payment (YPP) to young people aged 16 to 19 in need of financial assistance. As part of the Youth Package in 2012, Cabinet agreed to a partial money management model to administer all Youth and Young Parents Payments. The Ministry of Social Development (MSD) contracts Youth Service providers to deliver compulsory money management to young people. Under money management the young person's payment is redirected to cover costs such as accommodation and utilities, an in-hand payment with a maximum value of \$50 is provided on a weekly basis, and the remainder is loaded onto a payment card which can only be used in specific shops to pay for food and groceries. Recipients are required to meet obligations while receiving YP/YPP. These include having regular meetings with a Youth Service provider, being actively involved in full-time education, training or work-based learning, and completing a budgeting course. YPP recipients also need to complete a parenting course.

Young people can be taken off money management once they have demonstrated that they can successfully manage their finances and have complied with all their obligations³. Recipients can opt to keep redirections towards their bills in place and can also be returned to money management if they do not meet their obligations or demonstrate poor financial management.

The intention of the money management policy was to be a compulsory, but temporary, measure while young people improved their financial capacity. YP and YPP recipients are the only income support recipients in New Zealand who are subject to compulsory money management.

In May 2018, the Government convened the Welfare Expert Advisory Group (WEAG) to review the New Zealand welfare system. The WEAG's report, *Whakamana Tāngata*, released in 2019, made two key recommendations to support youth to engage in education, training or paid work. Recommendation 38, influenced by research by Professor Humpage (2018), advocated for abolishing compulsory money management in Youth Service, and separating case management from youth mentoring so it is consistent with a positive youth development focus. Recommendation 39 advocated for the use of evidence-based approaches that support young people to be learning, earning and, where young people are parents, caring. The WEAG proposed that these approaches build on the strengths of young people and provide a basis for their long-term engagement with the changing world of work.

In relation to the recommendation to abolish money management, the MSD Welfare Overhaul Policy team undertook initial analysis on current practice and potential issues associated with compulsory money management and drafted potential alternative policy options. The analysis was mainly informed by limited research available, anecdotal evidence from internal stakeholders, operational guidelines and previous policy advice. More needed to be done to understand how young people experienced compulsory money management and the perceived merits of the policy options that are being proposed. To this end, the Policy team put forth to the Minister of Social Development that they would start targeted public engagement in relation to compulsory money management. This report discusses the results of engagements with Youth Service providers and young people through two surveys.

With regards to the second part of recommendation 38, to separate case management from youth mentoring, the MSD Policy Unit maintain that there is already a separation of case management from youth mentoring in Youth Service. However, the Policy Unit does recognise that improvements could be made to the role of youth mentors and work is currently underway to address this. The current research will highlight, where relevant, participants' views on the role of contracted service providers and the factors that contribute to, or work against, positive youth development in Youth Service.

Work is being progressed through a number of programmes that relate to recommendation 39, including:

- MSD's *Mana in Mahi* programme
- the Minister of Employment's *Employment Strategy*, with associated *Youth Employment Action Plan*

³ Work and Income. *Money Management*. Retrieved from <https://www.workandincome.govt.nz/map/youth-service/young-parent-payment/money-management-01.html>

- the Minister for Youth is developing a *Youth Plan*, which will sit under the *Child and Youth Wellbeing Strategy*.

Purpose

The purpose of this research is to contribute to an evidence-base that will ensure that the options considered for compulsory money management are robust and appropriate.

The objectives of the research are to:

1. understand Youth Service providers' views on young people's experiences of compulsory money management
2. gain feedback from Youth Service providers on the proposed options for compulsory money management
3. understand the views of young people receiving YP/YPP, or who had done so in the last three years, on their experiences of the current settings of compulsory money management
4. gain feedback from these young people on the proposed options for compulsory money management.

Theoretical rationale for money management

The money or income management policy (also called welfare quarantining) has only been fully implemented in two countries; Australia and New Zealand (Fletcher, Hanna, & Anderson, 2013; Humpage, 2018).

Income management was first implemented in Australia in 2007; initially implemented as part of the "Northern Territory Emergency Response" in recognised Indigenous communities in the Northern Territory (Bray, 2016). Since then different income management schemes were implemented across Australia, many with district aims, including improving child wellbeing and reducing neglect, improving financial security and management capabilities for vulnerable community members, and promoting compliance with interventions.

In 2010, a more targeted income management model was introduced. The following have been cited as the key objectives of their income management policy (Buckmaster, Ey, & Klapdor, 2012; FaHCSIA, 2010):

- reduce immediate hardship and deprivation by directing welfare payments to the priority needs of recipients, their partner, children and any other dependents
- help affected welfare payment recipients to budget so that they can meet their priority needs
- reduce the amount of discretionary income available for alcohol, gambling, tobacco and pornography
- reduce the likelihood that welfare payment recipients will be subject to harassment and abuse in relation to their welfare payments, and
- encourage socially responsible behaviour, particularly in the care and education of children.

According to the Australian Government, income management intended to target factors other than income inadequacy, such as behavioural and cultural factors, to address social disadvantage (Buckmaster & Ey, 2012). According to Buckmaster et al. (2012), the income management policy in Australia draws on three approaches to welfare policy:

- New paternalism: which maintains that governments ought to have an active role to play in the re-shaping of citizens' patterns of behaviour, and that the absence of certain social norms and values contribute to social disadvantage.
- The capabilities approach: which conveys that poverty can be understood as a deprivation of certain capabilities that acts as barriers to achieving wellbeing outcomes; income management therefore aims to actively promote the development of capabilities.
- Place-based policies: which suggests that disadvantage across many indicators (eg unemployment, housing, and health) are often concentrated in small geographical locations. Income management in Australia was said to be a way to therefore focus on disadvantage in specific locations.

The money management policy in the New Zealand Youth Service seem to more closely draw on the first two of these approaches by emphasising the role of Youth Service in teaching young people how to manage their finances. It should be noted that Youth Service in New Zealand have broader aims to help get young people into education, training or work-based learning with the support and guidance of community-based providers.

Research on the effectiveness of money management

To date, a formal outcome evaluation of the effectiveness of compulsory money management in the Youth Service in New Zealand has not been conducted (Humpage, 2018).

MSD (2014) conducted an evaluation of the Youth Service, more broadly, in its first 18 months. The evaluation consisted of:

- an outcomes evaluation of young people's participation in education, training or work-based learning, budgeting and parenting activities, and achievement of NCEA qualifications
- an impact assessment of Youth Service on young people's benefit receipt, using a comparison group drawn from young people who started a main benefit before the introduction of the service
- a process evaluation of the Youth Service implementation, six months after it started, that assessed whether it operated as intended, what worked well, and what could have been improved.

Their results indicated that in the first 12 months of enrolment in Youth Service, YP and YPP recipients: 1) were more likely to gain NCEA credits than the comparison group; 2) were more likely to meet the requirements of NCEA Level 2; and 3) spend less time on main benefit over the medium term. MSD (2014) demonstrated that the proportion of young people eligible for YP who transitioned from a youth benefit onto a working-age main benefit fell by eight percentage points since Youth Service was implemented. They reported that contracted providers and young people were largely positive about their involvement in the service (Ministry of Social Development, 2014).

In 2016, McLeod, Dixon and Crichton evaluated the impact of the Youth Service programme for YP and YPP recipients on educational retention, qualification achievement, benefit recipient, and employment rates 24 to 30 months after they come onto these benefits. Their evaluation aimed to address the limitations of the previous MSD

evaluation by using a mix of historical comparisons and matched contemporaneous comparisons.

Their results indicated that in the first 12 to 18 months there is evidence of a positive impact on enrolment in formal education (with estimated impacts of 11 percentage points after six months for both YP and YPP). After 24 months, YP impacts on enrolment were no longer significant. YPP demonstrated significant impacts at 24 and 30 months (of six to seven percentage points). The impacts on qualification achievement were smaller than for participation. This could indicate that participants enrolled but did not continue with, or complete, their course. YP participants were three to four percentage points more likely than controls to gain a level 1 or 2 qualification two years after their first Youth Service participation. YPP participants were estimated to be four to six percentage points more likely to gain a level 1 to 3 qualification but only in the second calendar year after their initial participation in Youth Service.

Similar to the MSD evaluation, McLeod et al. (2016) found that participation in Youth Service appears to raise benefit receipt rates in the short term (in the first 12 months). This could reflect Youth Service's focus on education rather than employment. There is some evidence that participation in Youth Service encourages a move off a benefit and into work in the medium term (24 to 30 months after starting a benefit), especially for YPP participants. McLeod et al. (2016) note that because there was no obvious comparison group available, and Youth Service was implemented at a time marked with considerable change, the results should be treated with caution.

Fletcher et al. (2013) discussed some of the implications of the design and rationale of the money management policy in Youth Service. They maintained that: 1) there is a lack of evidence of poor expenditure by recipients to warrant a blanket approach to money management; 2) the fact that a variety of necessary expenses cannot be purchased through the payment card causes young people to use their in-hand allowance, thereby hindering young people from budgeting optimally; 3) there is no justification to impose compulsory money management considering the role of service providers is to work with young people, and oversee their budgeting; 4) the apparent motivation for the money management policy, to deter benefit receipt, is not appropriate.

Prof Humpage's report on money management in the Youth Service (2018) included interviews (group and individual) with young people (20), Youth Service providers (16), welfare advocates (8), MSD staff (3) and politicians (3). According to Humpage (2018), money management is premised on two key assumptions: 1) that young people do not have the skills to responsibly spend their income and 2) that poor financial management needs to be addressed early in life to prevent long-term dependence on government financial assistance. Both of which, Humpage suggests, are yet to be adequately tested.

Humpage (2018) wanted to explore perceptions on whether money management increased the financial stability and capability of young people. Their research conveyed that participants believe money management may improve stability but that some young people did not have their basic needs met while on it. The research did not find strong support that it increased the financial capacity of young people. It should be noted that the qualitative methodology employed in their research does not allow for claims about the effectiveness to be established but rather provides insight into the perceptions of participants on the matter.

In addition, Humpage's research found that:

- Youth Service is implemented by passionate providers. However, providers experience a tension between their roles to support and mentor, and to monitor and make recommendations pertaining to obligations, incentives and sanctions
- the payment card is not working in its current form and young people can get around the payment card restrictions (eg letting family members use the card to buy groceries in exchange for cash)
- sanctions and incentives do not to influence young people's behaviours in the long-term
- some providers worried the management of payments through redirections created a sense of dependence on them
- few young people or providers reported culturally-specific difficulties with money management but did mention that at times they could not meet their cultural obligations (eg attending a tangi at short notice) due to the restrictions imposed by money management
- the amount of time it takes to make decisions about applications, obligations, incentives and sanctions impacts young people in negative ways
- money management has the potential to have significant negative impacts on young people (it can make it difficult to maintain debt repayments). However, Humpage does not elaborate in much detail how and why this may occur.

Ware, Breheny and Forster (2017) discusses what the current settings of the YPP might mean for young Māori mothers. According to the authors, the compulsory nature of the various obligations for YPP recipients, and the surveillance of young recipients, seem to serve a punitive function rather than aim to support positive youth development. Through this, Ware et al. (2017) maintain, the YPP constructs early parenthood as an inappropriate life choice and perpetuates the stigma of being a young parent.

The income management programmes in Australia have been subject to a number of evaluations. Addressing the apparent diversity of findings from these evaluations, Bray (2016) investigated the relative outcomes of the evaluations. Findings from the evaluations of the NIM concluded that the impact of the income management programme on financial capacity was minimal, despite positive reports of perceived improvement. A recurring theme of some of the NIM evaluations was reported risk of dependence (Bray, 2016). Furthermore, Bray (2016) maintains that there is limited evidence to suggest impact on other outcomes including changes in alcohol consumption, food security and school attendance. Bray (2016) also notes that the policy, which disproportionately impacted Indigenous Australians, may have further marginalised groups of people. Buckmaster and Ey (2012) also highlighted the absence of adequate evidence to support the effectiveness of income management in Australia.

The existing research on money management raises questions around the effectiveness of the policy in improving the financial capacity of those subjected to it. Indeed, some authors have questioned the assumption that benefit recipients demonstrate poor financial management in the first place. The current report hopes to expand on the previous work on money management by unpacking how the different components of the New Zealand policy works/does not work, for whom, and in which circumstances.

Methodology

The two studies used surveys that were administered electronically. The surveys consisted of open- and closed-ended questions.

Details of the methodology employed in the studies are provided in Appendix A. Appendix A also describes the ethics of the research. All quotes were reported verbatim with no corrections made. In cases where young people or providers disclosed personal details that could risk identifying them (eg their hometown name or location of Youth Service centre) the information was withheld from the report.

The questionnaires for providers and payment recipients were largely similar. The first question asked respondents about their general feelings towards money management, and their perceptions on how effective different components of the policy are in ensuring the basic needs of young people are met and in developing their financial capacity. Providers were also asked how helpful they believed the policy is in assisting recipients with their debt repayments. The questionnaire then asked providers and recipients to rank their preference for different policy settings and to explain their preferences. Young people were asked if they had any other ideas on how the way Youth Service manages their YP/YPP could be improved. The final question asked recipients whether they would choose to partake in the different components of money management if it was voluntary. Providers were asked their opinion on how likely they thought young people were to opt in. The full survey for Youth Service providers can be found in Appendix B, and the survey for youth recipients in Appendix C.

Descriptive analysis was performed to present quantitative data, and thematic analysis to interpret the findings from the qualitative data. Numbers smaller than six were suppressed in the results to avoid risking identifying participants. The aim of thematic analysis is to organise qualitative findings in a meaningful way. It should be noted that because the focus of the qualitative analyses was to group the lived experiences of participants into high-level themes, the report could not discuss every unique experience described by participants. However, care was taken to note common experiences and where present, to highlight any contradicting views. For most of the qualitative questions, the insights did not quantify how many participants (providers or young people) shared particular experiences.

Study 1: Youth Service Providers' Experiences of Money Management

Method

MSD currently contracts approximately 41 Youth Service providers (both in-house and external to MSD) to provide money management. This equates to approximately 175 youth coaches. All of these providers and youth coaches were sent an invitation to participate in the survey through an online Activity Recorder Tool (ART) they use to capture information about young people who are participating in Youth Service.

A hundred and one respondents from providers across 14 regions (out of 16) took part in the survey.

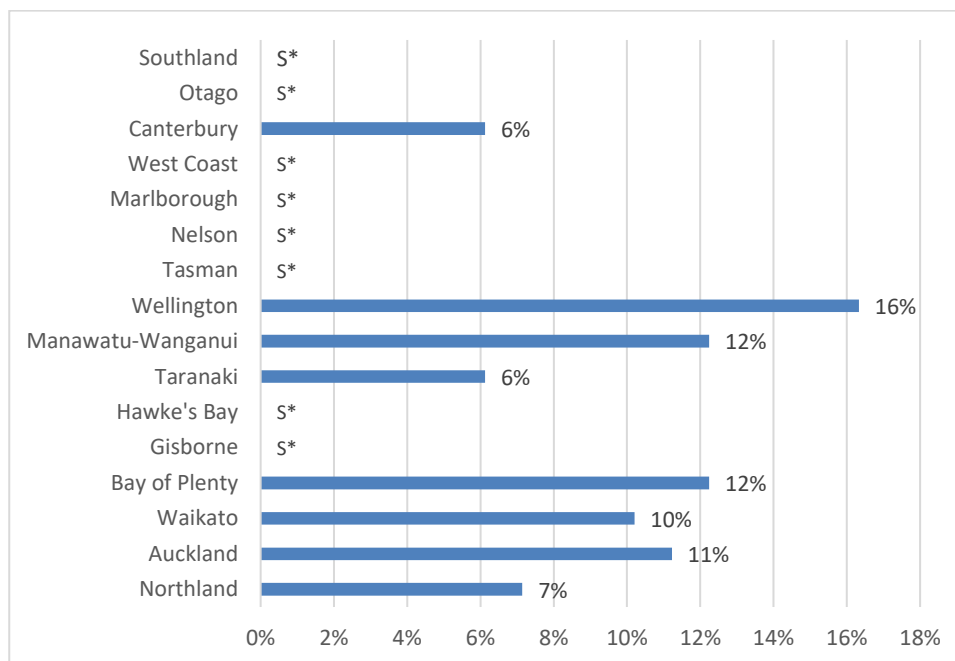
More information on the study methodology and ethics can be found in Appendix A.

Findings

Demographics and provider characteristics

Most of the respondents from participating providers were situated in Wellington (16 percent). At the time of the research, there were only two providers in the West Coast and Gisborne; and the regions of Nelson, Tasman, Otago and Southland only had one Youth Service provider each, which is reflected by the lower number of participants from these regions.

Figure 1. Regional breakdown of respondents from participating providers.



*Low counts were suppressed to avoid risking identifying participants.

Three-quarters of the participating providers were youth coaches, 16 percent were Youth Service provider managers and 9 percent held other positions (such as programme coordinator, social worker, NEET case manager, or duty worker).

Provider Perspectives on the Effectiveness of Money Management

Providers believe that, as a whole, money management is beneficial

Most providers (64 percent) agreed that money management is beneficial to most young people. However, a sizeable proportion (20 percent) disagreed that it is beneficial and 16 percent neither agreed nor disagreed.

There was greater consensus that money management, as a whole, helped most young people who have debt to manage their repayments: 75 percent agreed that money management helps, 15 percent disagreed, and 10 percent neither agreed nor disagreed that money management is useful in helping young people to manage their repayments. Contrary to the findings by Humpage (2018, p. 23) which suggested that money management makes it “extremely difficult or impossible” for young people to maintain their debt repayments, these results suggest that in general Youth Service providers feel that money management does not hinder young people in repaying their debt. Even so it should be noted that the research does not deny that some young people may well experience difficulty in repaying their debts due to money management.

Providers feel that some of the components of money management were more beneficial than others

Money Management includes the following components:

- | | |
|-------------------------------|--|
| Management of payments | <ol style="list-style-type: none">1. Redirection of money to accommodation and utilities2. Payment Card3. In-hand allowance (up to \$50) |
|-------------------------------|--|

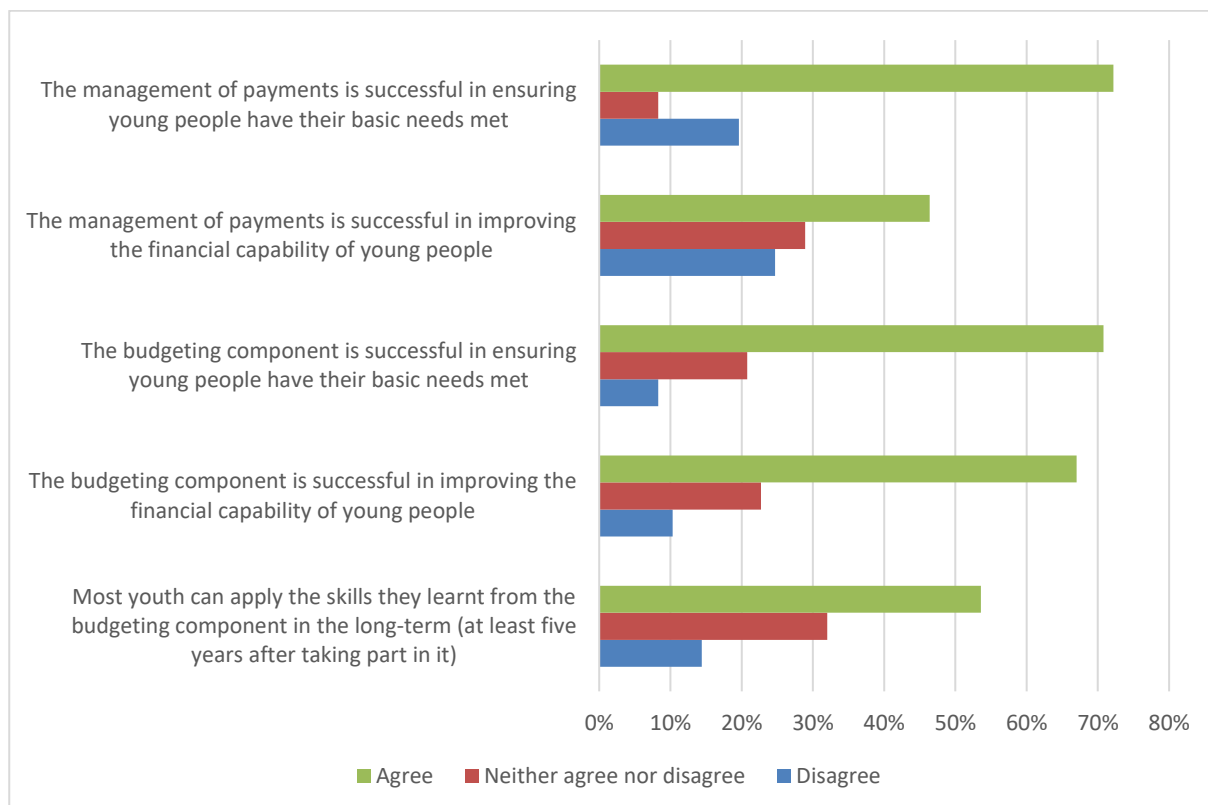
-
- | | |
|----------------------------|--|
| Budgeting component | <ol style="list-style-type: none">1. Budgeting programmes2. Budgeting conversations with service provider |
|----------------------------|--|

Over 70 percent of providers felt that the way that Youth Service managed the Youth and Young Parent payments on behalf of young people (through redirection of the payment the payment card and allowance), was successful in ensuring that the basic needs of young people are met (see Figure 2.). Providers were less convinced that the management of the payments improved the financial capacity of young people; only 46 percent agreed that it improved financial capacity, 25 percent disagreed and a substantial 29 percent neither agreed or disagreed⁴.

⁴ Research suggests that participants may choose a “neither” option when they want to avoid expressing a response they believe might be socially undesirable (Garland, 1991) or when their attitude falls exactly in the middle between “agree” and “disagree” (Lam, Allen & Green, 2010, cited in Nadler, Weston, & Voyles, 2015). Qualitative research by Nadler et al. (2015) showed that there was large variance in how participants interpreted midpoints but that participants most commonly interpreted the neither option to mean “no opinion”, followed by “unsure” and then

Most providers (71 percent) felt that the budgeting component (including the budgeting courses and the discussions young people have with youth coaches about their finances) ensured that the basic needs of young people were met. More providers believed that it was successful in improving the financial capacity of young people than the management of payments; 67 percent felt that budgeting increased financial capacity (compared to only 46 percent who felt that the management of payments increased financial capacity). Over half of providers (54 percent) said that young people would be able to apply the skills they learnt from the budgeting component in the long-term (at least five years after taking part in the budgeting component).

Figure 2. Perspectives on the effectiveness of different components of money management.



Feedback on the Alternative Options for Money Management

Descriptive statistics

Providers believe youth coaches should decide who to place on money management

We asked providers to rank different options of money management from the option they believe would be the most beneficial to young people, to the option they believe would be the least beneficial. Over half (56 percent) indicated that the most preferred option would

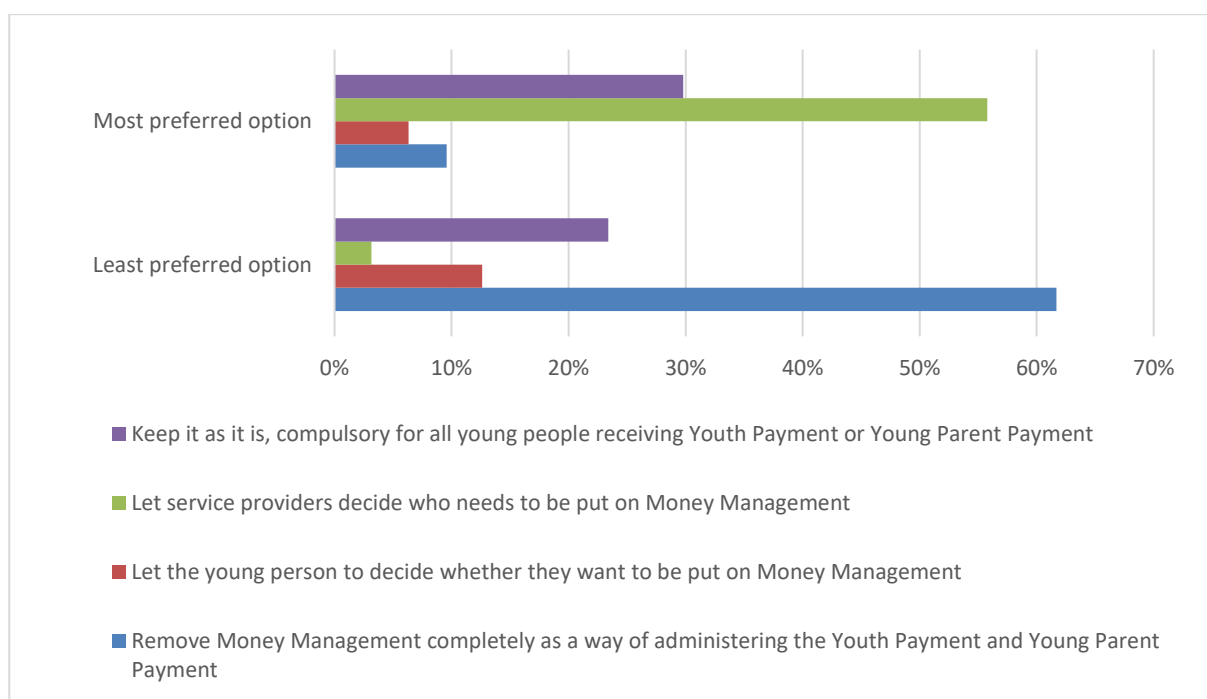
“neutral”. Baka et al. (2012) found that participants most often interpret the midpoint to indicate ambivalence.

be to let service providers (youth coaches) decide which young people need to be put on money management (see Figure 3.).

The second most preferred option was to keep money management as it is: compulsory for all young people receiving Youth Payment or Young Parent Payment until they meet their obligations; 30 percent of providers selected this as their first preference.

Overwhelmingly, the least preferred option was to abolish money management completely as the way of administering the YP and YPP; 62 percent of participating providers indicated that this is the last option they would consider. Despite this, more providers chose the option of abolishing money management as their first option than letting young people decide whether they want to be put on money management (10 percent and 6 percent respectively).

Figure 3. Provider preference for money management options.



We asked providers how likely they thought youth clients would be to choose to have their payments managed through Youth Service (through redirection, the payment card and the allowance) if money management was voluntary; 46 percent said young people would be very unlikely to opt in, 26 percent said they would be somewhat unlikely, 22 percent said they would be somewhat likely and only 6 percent reported that young people would be very likely to choose to have their YP or YPP managed as it currently is.

Similarly, when asked how likely providers thought young people would be to choose to take part in the budgeting components of money management, 45 percent said young people would be very unlikely to opt in, 26 percent said they would be unlikely, 19 percent they would be somewhat likely, and 9 percent said they would be very likely to opt in.

Qualitative analysis

Ninety-two providers completed the qualitative question asking them to justify their most preferred option for money management. Ninety answered the question asking them to explain why they think the option they ranked last would be the least desirable option.

Reflecting the quantitative findings, the qualitative results demonstrated that most providers favour the option of letting youth coaches decide which young people should be put on money management.

Providers made several recommendations about changes that could be made to money management. Even those who advocated to keep money management as compulsory, often noted that they would want several changes to be made to money management if it was kept. The main component they wanted to see changes to is the payment card.

"I only chose keeping it compulsory as the concept of money management is good. However, I do disagree with the components".

Most providers, including those who would prefer that youth coaches assess who be placed on money management, agreed that the budgeting component of money management is beneficial and should remain compulsory.

There was widespread consensus that young people themselves should not be given the option to choose to go money management.

"giving Rangatahi the option of utilizing money management would be something most would not consider. Most Rangatahi don't want to be money managed and I feel that this would be the last option"

Providers believe there are advantages of compulsory money management

1. It helps young people to develop financial capacity

Some providers felt for that many young people, especially for YP clients, *"it is the first time they will have received an income"*, and that these young people still need to learn how to manage their finances:

"I believe young people of the age that we are working with do not have the experience nor capability to decide where their money goes."

"Because clients that come in and receive YP have no knowledge of managing their money"

"Many young people don't have the skills to manage their funds, most even with MM in place."

"Young people may not have the skills to make this decision, they need to show they have the necessary financial capabilities."

"Because from what I've seen majority of young people aren't able to cope with a new wealth of money... to go from \$0 - \$180+ weekly is a lot of money for a young person. They need to learn first what their needs are and how to meet them before giving them total freedom with their entitlements."

There was a strong sense from the providers who chose to keep money management as it is, that money management helps young people to develop their financial capacity. Money management was seen as a way to ensure that young people establish "*good financial decision making*". These providers felt that young people should establish the ability to manage finances before being taken off money management.

"They need to learn first what their needs are and how to meet them before giving them total freedom with their entitlements"

"I believe that young people receiving a benefit should automatically go onto a compulsory money management scheme until they have completed the budgeting programme and have set up a budget plan/agreement with their youth coach"

There was a sense among some providers that young people need to "*earn the right to manage their own money*".

"I feel strongly that Youth need to earn the right to manage their finances, as by way of ensure their obligations are being met"

"Giving the freedom to manage their own money should be a privilege"

"Having their money managed in this way shows the young person that in order to take care of themselves they need to ensure their basic needs are met first and that incentives are placed well so that client learns that value of working hard to earn incentives while also building the confidence to become more independent and eventually having the right to manage their own money confidently themselves".

"I feel money management helps our clients, and they can earn the right to come off money management but not until they have met all the obligations this is a good incentive and, in the meantime, while they are on money management it helps keep them on track".

It should be noted that the quantitative results indicate that more providers believed that the budgeting component improved the financial capacity of young people compared to the management of payments (the redirection of payments, payment card and allowance).

2. It ensures that the essential needs of young people are met

Providers agreed that ensuring that the basic needs of young people are met is a priority. Those who advocated for money management to be kept as it is, believed that the management of payments successfully ensures that the basic needs of young people are met. Providers felt that money management increases young people's "*financial awareness to live within their means, saving for the future, traps and pitfalls of money loaners*".

"Overall I think money management is great to ensure clients and their child's needs are met".

According to providers, some clients would struggle to meet their basic needs without money management.

"the idea that even just one youth's basic needs are not being met due to miss spending is always a concern."

It should be noted that other providers felt that the management of payments by Youth Service hinders youth at times to meet their basic needs. This was mentioned with particular reference to young people receiving the Young Parent Payment, and those living in more rural areas.

3. It ensures consistency among youth coaches

A few providers felt that money management was a way to ensure consistency among youth coaches in the way young clients are supported.

"It is good to have a blanket rule across all clients, otherwise the line will always be changing around criteria and I'm not sure personal discretion from Youth coaches would be consistent across the board."

"Giving providers and clients a choice of being on money management or not allows for too much of a wide scope."

4. It ensures that while youth coaches get to know clients their needs are met

Some providers felt that it takes time for youth coaches to understand the situation of the young people they work with and believed that compulsory money management allow youth coaches to get to know their clients before deciding to remove them from money management.

"As new clients apply for benefits it is very difficult to know what the situation for the young person it and it takes time to create a relationship to ascertain the circumstances that the young person is in."

"Because we don't know them and what their background is like in budgeting, so I believe we need to get to know them first."

5. Some providers believe it prevents young people who do misuse alcohol and drugs from doing so

A few providers felt that there are young people receiving YP and YPP who were at risk of misusing alcohol and drugs. These providers thought that money management prevents young people from using money to buy alcohol and drugs:

"because there are instances where young people aren't in touch with the reality of their situations or have drug addictions etc"

"AS many of our clients have drug issues it limits the amount of cash they have Accommodation is so hard to find and it is a selling point to landlords that we will pay their board/rent each week"

"My concern would be those who can't manage and would use their funds for cigarettes and drugs and alcohol or peer pressure to give it to others"

A handful of recipient participants also echoed this view.

Providers believe there are limitations of money management in its current form

1. It does not enable young people to improve their financial capacity

While all providers agreed that increasing the financial capacity of young people is pivotal, many disagreed that the management of payments by Youth Service helps to achieve this. Some providers felt that the conditions set by the management of payments do not provide young people with the opportunity to learn how to manage their own money.

"Budgeting lessons cannot be learnt if your entire income is controlled"

"(Young people) have no money anyway to budget"

"I think it is important to have guidance to how to manage but not take the action of actually managing their money away from them"

"I feel that we are holding their hands for too long and not teaching them to be responsible for their own financial decisions"

2. It assumes that young people are incapable of managing their finances

Providers who advocated for options others than to keep money management as it is, expressed that while there are many young people who do need help in managing their finances, there are also many who have successfully managed their finances in the past (some had been working or received another form of income support). Placing these individuals on money management neglected to recognise their skills and experience in managing their own finances and could be restrictive to these individuals.

"Most were managing their finances long before they come across to us to work with"

"Some clients are clear they can manage and its apparent and it would also be clear to us they could manage their funds"

"I think that money management works really well for some people, but clients such as young mamas who are near 20 y/o and have been working, they know how to manage their own money already"

"Some of them are really good with money (especially parents) however they cannot come off of money management as they haven't completed budgeting and parenting and often due to reasons out of their control (sick babies, no babysitter, Plunket visits etc). It is even more difficult with the education obligation because that is an entire 6 months of difficulty managing their money (if they are even in ed)- especially those with children"

3. Money management negatively impacts some young people

Providers recognised that while money management is very helpful to some young people, it hinders others.

"Because of money management we have had some increased at-risk behaviours in young people."

"All young people we work with have different capabilities, some find the MOMAN really restricting and make life harder for them"

"MM can be a hindrance with petrol costs especially with some young people moving out of the city for cheaper rent."

"I see money management as unnecessarily and unintentionally causing hardship"

"Currently with money management not being flexible it hinders some young people who are able to wisely manage their own money. Coaches feel stuck that they cannot assist them with this."

The payment card, in particular, was thought to hinder young people. One respondent talking about the payment card said: *"I think we cause hardship at times"*.

"Limited suppliers in areas make money management difficult as well as pushing young people to buy more expensive items at times due to suppliers that are registered."

"Restrictions on retail suppliers, weekly only pay and green card suppliers - it is sometimes a disaster for them".

"Those in remote areas have extra costs to access basic needs. Use of Payment Card options are nil or very limited. Fuel becomes a necessity to access needs. Fuel cannot be accessed via payment card. YPP - (age 18-19)".

Some providers felt that money management can lead to debt. The process of setting up the redirection of payments (which is often said to be slow), and the restrictive usability of the payment card were described as key contributors to the incur of debt.

"I think money management in some cases can prevent young people from managing debt as there is no flexibility in where their payment goes to be able to pay off debt such as credit card or overdraft. We had one young person who had saved some money on their payment card and wanted to use this to pay off some extra on their credit card. YSSU did not allow this and would only allow the young person to make the minimum monthly repayment. It would have been more beneficial to the young person to pay more off and reduce interest being paid."

"Clients who have previously managed their own funds, have automatic payments set up and have proven records of paying bills and debt, being money managed is a step backwards, humiliating and in some cases lead to more debt. In cases of YPPs 19 or 20 who can prove budgeting history - many get into debt while waiting for MM to be set up".

"When changing to MM and awaiting processes to be completed the client ends up either incurring debt through bank fees for insufficient funds or (redirections) incurs debt from provider awaiting payment".

"Often the setting up of redirections takes so long the young person finds they are behind in payment, which affects their credit rating and can cause significant debt also".

4. The redirection of payments takes too long and places pressure on young people

The process of redirecting payments was said to be slow and at times caused young people significant stress (beyond the incur of debt as mentioned above).

"YSSU processes (timeframes) need to be much better in order for it to be successful and remain as it is currently".

"Redirection tasks are not processed by YSSU in a timely manner and this puts the young person at risk of becoming homeless due to board/rent arrears."

"Presently the redirection of Board etc tasks take too long to complete and often create financial difficulties of their own or result in the breakdown of landlord/client relationships."

5. It is not empowering to young people

Some providers felt that compulsory money management, in the way it currently works, does not build on the strength of young people. It restricts the input young people have in the matters pertaining to their own lives.

"I don't believe that Money Management as it stands now, works very effectively. It doesn't empower the young people to be able to manage their money better. It only makes them feel like they have no control or say over how their money is spent."

"The system is not working and is a frustration to clients, especially those over the age of 18 who should be treated like adults first. The use of payment card is degrading and frustrating for clients and should only be used if clients fail in obligations or clearly cannot maintain budget."

6. It fails to cater for the diversity of situations youth find themselves in

Providers expressed that money management fails to address the diverse circumstances young people find themselves in.

"Currently MOMMAM doesn't cater for diverse situations and in the midst of a housing crisis there is a demand for flexibility in managing client money"

"Money management isn't ideal for everyone. It should be assessed case by case. Therefore, being compulsory is my least favourite option"

Providers feel that they can support young people in a way that is cognisant of their situation

As mentioned, almost 60 percent of providers thought that letting providers decide which youth need to be placed on money management would be the best option. In addition to the pitfalls in the way that money management is currently administered discussed above, providers mentioned additional benefits in letting providers decide.

1. Working in collaboration would ensure that the unique situations and skills of young people are recognised

Providers repeatedly expressed that a one-size-fits-all approach is not appropriate and that the support Youth Service provide should be flexible and tailored. They advocated for an approach that is collaborative and strengths-based.

"All young people have different situations and approach situations differently. A one size fits all should not apply"

"Each individual is different, and therefore have different needs"

"Some young people will do well off money management and some wont. Therefore, the decision to come off money management should be made by the service provider in collaboration with the client, not at a set given time but when both deem it the right time"

"Our young people are all individuals and have different financial needs. We need to support them with financial literacy, so they are responsible when they leave our service, this can be done in conjunction with a Youth Coach and a Budgeting program to reinforce this."

"We believe that the ongoing monitoring of the Youth Coach and the young person doing the budgeting course is a far better course of action"

One provider argued that only by recognising the unique situations of young people are they able to realise a client-centred approach:

"If we are delivering a client centric service, then we have to treat our young people as individuals"

2. The relationship that youth coaches have with young people enables them to assess which approach would best suit the needs of the client

There was a strong feeling among providers that youth coaches are uniquely placed to work with clients to decide what the best approach would be for them. Providers argued that they understand the situation of young people, their capabilities, and their spending habits.

"You develop an understanding of how the client manages their own money"

"I think the youth coach gets to know a young person, their whanau and their needs. They in turn should have the ability to recommend and remove a client from Money Management"

"The Coach is the one who will get to know this young person and they will be more equipped with the info to determine whether young person needs money management or not"

"As coaches we work closely with the clients, therefore can understand their spending habits and behaviours better. Some clients are more likely to be able to manage their money better than others"

Providers feel that money management should not be removed completely

As mentioned, irrespective of what they believe the best option would be, 62 percent of providers considered removing money management completely as the least preferred option. Providers felt quite strongly that there are definite benefits to aspects of money management:

"some young people absolutely benefit from this"

1. It is important to make sure that the basic needs of young people are met

Providers recognised that some young people would struggle to meet their basic needs in the absence of money management.

"By taking this away, it'd aid to the problem rather than solution"

"Money management ensures their safety and wellbeing and lets them focus on other issues"

"Just allowing the young people to have all their money straight away could be disastrous because we are getting young people in vulnerable states who may come from homes with no money literacy and spend buck wild."

"definitely not removed completely as then I believe a high percentage of young people would not pay their bills regularly"

"Money management ensures stable accommodation. We cannot get any goals met with young people when they are worried about accommodation."

2. Removing money management completely would increase the need for hardship grants and emergency housing

There was widespread concern that the removal of money management would result in young people requiring additional assistance to meet their basic needs:

"We would have more youth needing emergency housing if it wasn't for money management"

"Removing money management completely would increase the need for food grants because there is no guarantee that the client is using their money on basic necessities"

"I also see a lot of young people not paying their board or rent, which would increase the need for financial assistance, which would drive up young people's debt, which puts them in a predicament of, not taking responsibility for their actions, but knowing that SNG's are only a face to face appointment away, and it will save the day".

"We have had very little applications for Food grants and I believe this is due to accommodation costs being covered each and every week."

"They could buy takeaways for every meal which is not going to help them learn to budget, Or buying alcohol or cigarette instead of food then they will be in to apply for food grants more often"

3. The budgeting component is beneficial

Providers repeatedly expressed that the budgeting component of money management is critical for supporting young people. They often contended that the reason they would not advocate for the complete abolishment of money management is because of the importance of the budgeting component.

Removing money management completely *"would negate clients need to understand budgeting and possibly encourage overspending and debt"*

"In my experience young people want to manage their money however without the skills of budgeting it could be detrimental".

"Youth Still need some sort of guidance with budgeting"

"The skill to budget needs to be taught"

"it takes time, trial and error to learn these skills"

Some argued that the budgeting component of money management is an opportunity young people might not otherwise have to learn how to work with their finances:

"Young people do not receive financial capability education in schooling. Many do not make good financial decisions and we need to educate before they get entrenched in the debt cycle"

Providers' recommendations

Providers offered several recommendations if money management were to be kept in some form as the way young people receive their YP and YPP.

1. Recommendations about the redirection of payments

There should be more flexibility around the options for the redirection of payments

Many providers supported the redirection towards rent but suggested there be more options and flexibility surrounding this.

"I think that at least they should have a board redirection set up"

"I would however keep the redirection of Board/Rent an option or compulsory for all clients unless there is written confirmation from the Landlord that they are happy for the client to pay them directly"

"Keeping accommodation management in place or redirections for those that need help to manage monies"

"Paying landlords directly should be optional"

The process of setting up the redirection of payments needs to be quicker to prevent young people from experiencing hardship and stress.

2. Recommendations about the payment card

Remove the payment card

Many providers advocated for the payment card to be removed altogether. In this case, they suggested that after redirections, young people receive the remainder of their payment in their bank account.

"It would be good to get rid of the paymentcard only. Keep redirections and rest of \$ in bank"

"Would prefer another option entirely, where their board etc. is paid and they just get the rest aka none on the card"

A number of providers argued that the amount provided on payment card be increased.

If the payment card is kept, the way and places where the payment card can be used should be expanded

Providers strongly suggested that the way, and places where, the payment card can be used be expanded.

"(they need) simpler ways of utilising paymentcard"

"Currently the paymentcard has very restricted places where young people can use it. I would recommend adding a wider variety of places to use the paymentcard e.g petrol stations, The Warehouse, Clothing stores etc. Client's should be able to setup redirections for a wider variety of expenses. I also think that a paymentcard balance transfer application needs to be more flexible and not be treated the same as a SNG"

"The PaymentCard Balance Transfer process is also too restrictive in the way it is managed. There should be no way that a request to transfer money (For a genuine need) should be viewed in the same light as a SNG"

"PCBT should be a part of money management not hardship, because they are requesting to use their own money for gas, clothing etc but it is treated like they are asking for HA money which is very different"

"we often have young people that save their paymentcard money and then try to transfer it for something, and find they can't as it has to be considered an immediate and essential need? Or they have to wait to come off MOMAN to be able to access the money they have saved"

The restrictive nature of the payment card was especially a concern for young people from rural areas.

"In particular my rural clients who need to have vehicles or share the cost of fuel with someone else are disadvantaged"

"Those in remote areas have extra costs to access basic needs. Use of PaymentCard options are nil or very limited. Fuel becomes a necessity to access needs. Fuel cannot be accessed via paymentcard"

Address the stigma experienced by young people due to their use of the payment card

There was a call to increase the awareness of supermarkets about money management and the payment card in an attempt to curb potential misunderstandings about the rights of recipients and to decrease stigma.

"It is also a concerning trend that many of our suppliers (in particular supermarkets) are unaware of Youth Service and what we do. When our YPP's try to purchase certain items (nothing unreasonable in our opinion) they are shamed and told they cannot have these items by checkout operators as they see a green payment card and assume our clients are from W&I and are trying to use hardship assistance to purchase non food items"

Related to this, many suggested that the colour of the payment card be changed:

"Supermarkets mistake the payment card for "food only", perhaps change colour of card"

"We believe an easy solution would be to make YS payment cards to be made a different colour (EG YELLOW) and a concerted effort made to educate suppliers of how money management works"

"Local supermarket cannot differentiate those needing hardship and YP/YPP. YP/YPP clients are being declined for anything outside of this. ie: socks, homewares, sanitary pads etc. Recommend changing colour of Payment Card so providers/suppliers are aware not all Payment Cards are for hardship."

"A suggestion has been put forward to change the colour of the card for Youth Service clients to 'yellow', because clients are getting treated as though they have been given a 'food grant'. And because the card is the same colour as a 'food grant' card, check out operators can't tell the difference. Our clients are being restricted in what they can buy"

3. Recommendations about in-hand allowance

The amount of money young people receive in their bank accounts should be increased

Providers recommended that the \$50 in-hand allowance be increased, especially for young people receiving the YPP clients and those living in rural areas. This is particularly the case if the payment card is to be kept.

"I think it would be better if the in hand allowance for YPP's was increased. They have to navigate the world in a different way as they are now parents and \$50 is simply not enough to put fuel in their cars and pay for any other little extras. We need to be realistic"

"there are parts of Money Management that are not realistic, such as CIH payments because there are distinct differences between YP and YPP needs and situations"

"I would give YPPs \$70 in hand allowance instead of \$50 as need to save for baby stuff"

"with YPP they need more in hand allowance"

"The in hand allowance is currently not high enough, particularly for our Young Parents and especially the older clients. In particular my rural clients who need to have vehicles or share the cost of fuel with someone else are disadvantaged"

4. Recommendations about obligations

The length of time that young people are required to meet their obligations for before being taken off money management should be reduced

"Decrease the requisite of 6 months engagement in ed/training/WBL to something less maybe 3-4 months".

The budgeting component should be kept with some changes made

There was general consensus that the budgeting components should be kept compulsory.

"I would however keep the Budgeting component as an Obligation"

"I think that at least they should...attend a budgeting programme"

They also felt that budgeting training need to better reflect the reality of the situations of young people.

"Budgeting courses need to reflect real life - it is hard for clients who have as little as \$7 per week left from their benefit, to discuss such issues as saving, paying themselves first, insurances, kiwisaver etc.,. etc."

The nature of obligations should be revised

"Education and parenting should not determine whether they can come off money management and budget money."

"I also think that the education obs for those that have achieved L2 or higher need to be reviewed on case by case basis - in some cases their situation has changed, eg: gone from single to sole parent but have achieved L2 or higher."

Several providers suggested that young people should be encouraged and supported to save money through their obligations.

"Savings should be a goal"

5. Recommendations for providers if they were to decide who to place on money management

Most providers felt that they are suited to decide who to place on/remove from money management.

One provider suggested that there be some guideline to assist youth coaches in deciding who to place on money management.

"There should also be guidelines for youth coaches to make that decision (to "give the rights to their clients to manage their own money"); For e.g. managing the amount of SNG's applied by the young person, a lack of progress in finding education or employment"

"Only impose MM if a client lodges unreasonable requests for Special Needs Grants and Advances, or clearly cannot maintain their budget".

Another provider felt that it would be better if youth coaches decided who to take off money management (instead of young people qualifying through their obligations) rather than who to place on it.

"I think it would be better for service providers not to decide who goes on MM but rather who can come off of Money Management and possibly who should go back on later (if they are always in for sng's etc). I honestly wouldn't like to have the overall choice of deciding who should and should not be on money management as in some cases that wouldn't be pretty. However I think us as coaches know what best suits our young people, who is good with money and can advocate for those we believe would be responsible spenders"

A few providers advised that young people should have the option to go back onto money management if they needed to.

Study 2: Young People’s Experiences of Money Management

Study two involved a survey for current and recent recipients of YP/YP partner or YPP/YPP partner. The objectives of study two were to understand these young people’s experiences of the current settings of compulsory money management and to gain their feedback on the proposed options for compulsory money management.

Method

An invitation to participate was sent through email to all young people who received YP, YPP, YP parent or YPP partner in the last three years from a Youth Service account set up for the survey. A list of all current recipients and recipients during the last three years was generated by Youth Service. The only eligibility criteria were that young people either be currently receiving YP/YP partner or YPP/YPP partner or had done so in the three year prior the survey. One reminder was sent a week after the initial invitation. Young people received an information sheet detailing the purpose of the survey and their rights as participants.

More information on the study methodology and ethics can be found in Appendix A.

Table 1. Survey participation.

Survey participation	n
Invited to participate	8,889
Total responded to survey	644 (7.2% of total invited)
Total who gave consent	638
No. of participants who were disqualified*	82
Total eligible participants	556

*Disqualified participants include those who entered the survey but who had not received YP, YPP, YP partner or YPP partner in the three years preceding the survey.

Findings

Demographics and client characteristics

A total of 638 young people consented to take part in the survey. Of those, 54.1 percent were YPP clients, 35.6 percent were YP clients, and 3.3 percent were YP/YPP partners. Thirteen percent of the participants indicated that they had not received any of these payments in the three years preceding the survey and were therefore disqualified.

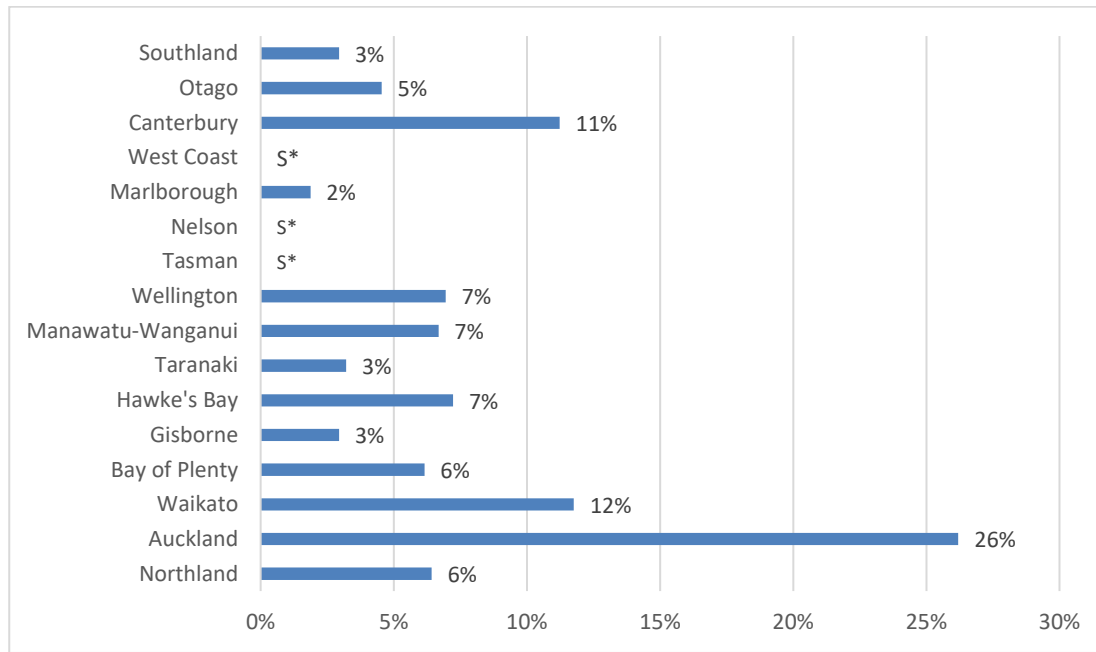
Most of the participating young people identified as female (93.3 percent); 5.6 percent identified as male, and 1.1 identified as gender-diverse⁵. Considering the demographics

⁵ The gender of 32.6 percent (181) was not provided.

of the overall recipients of YP and YPP, females were overrepresented in the research: as at March 2019, 79 percent (2,422) of recipients of YP and YPP (total of 3,066) were female.

Most of the youth participants were situated in Auckland (26.2 percent), followed by Waikato (11.8 percent) and Canterbury (11.2 percent)⁶.

Figure 4. Region - Recipients.



*Low counts were suppressed to avoid risking identifying participants.

The largest proportion of the young people identified as Māori (45.1 percent), 42.67 percent identified as European, 11.4 percent as Pacific⁷. The number of young people who identified as either Asian, or Middle Eastern, Latin American or African, was small and therefore suppressed. Five percent of participating young people (25) selected an ethnicity other than those listed. Of those, almost half identified as a specific Pacific ethnicity. Sixteen percent of the participating young people selected multiple ethnicities.

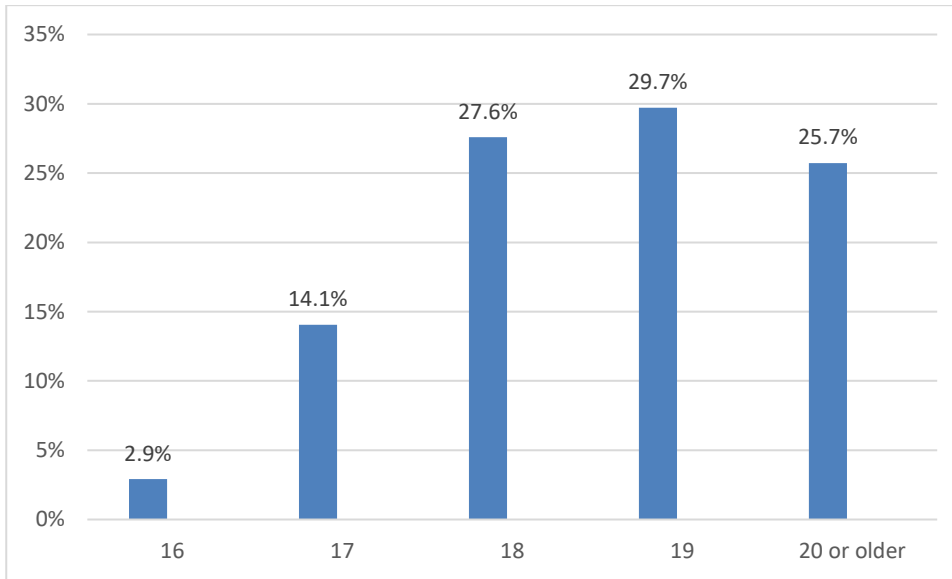
The majority of participating young people were 18 years or older at the time of the survey⁸. This could reflect the fact that many of the participants were past, rather than current, YP/YPP recipients.

⁶ Over a third of young people (32.7 percent) did not provide information on the region in which they lived.

⁷ The ethnicity of 34.5 percent (192) of young people was not provided.

⁸ The age of 32.2 percent (179) of young people was missing.

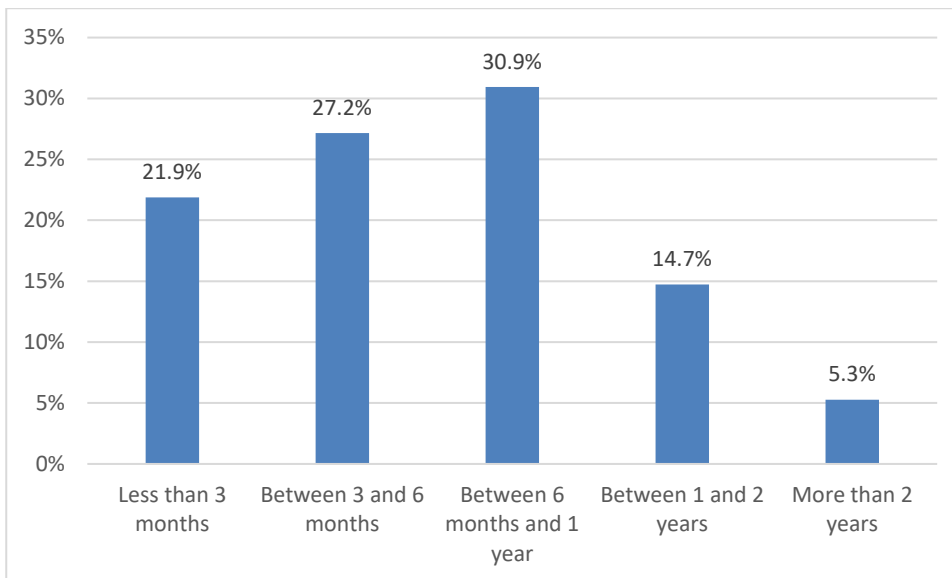
Figure 5. Age of youth participants.



Client history

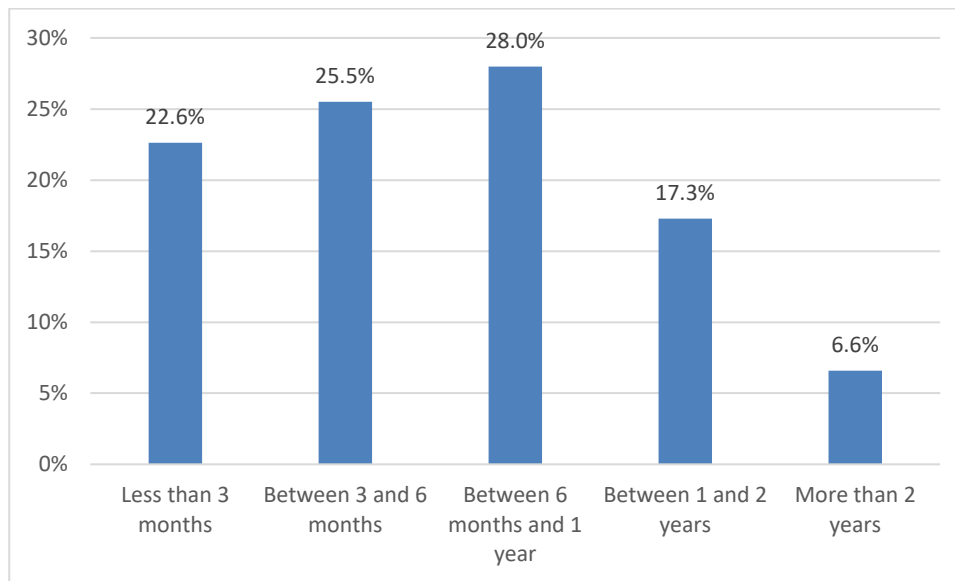
Forty-six percent of the participating young people were under money management at the time of the survey. Of those who were not under money management at the time of the survey, most were on it for between six months and a year before they were taken off. Almost half of young people were on money management for less than six months before being taken off by their youth coach (see Figure 6).

Figure 6. Time spent under money management before being taken off.



Similar to those who were no longer under money management, most of the participants who were under money management at the time of the survey had already been on it between six months and a year.

Figure 7. Time spent under money management by young people who were under it at the time of the survey.



Over 60 percent of participants had never received another form of income support in addition to YP, YPP, YP partner, or YPP partner.

Young People’s Experiences of Money Management

Young people do not have clear strong positive feelings towards money management

We asked young people to rate how they feel about money management as a whole out of 10, where zero indicated that they do not like it at all and 10 that they like it a lot. On average young people gave a rating of four out of 10 demonstrating that young people do not view money management particularly favourably.

Money Management includes the following components:

- | | |
|-------------------------------|--|
| Management of payments | <ol style="list-style-type: none"> 1. Redirection of money to accommodation and utilities 2. Payment Card 3. In-hand allowance (up to \$50) |
|-------------------------------|--|

-
- | | |
|----------------------------|---|
| Budgeting component | <ol style="list-style-type: none"> 1. Budgeting programmes 2. Budgeting conversations with service provider |
|----------------------------|---|

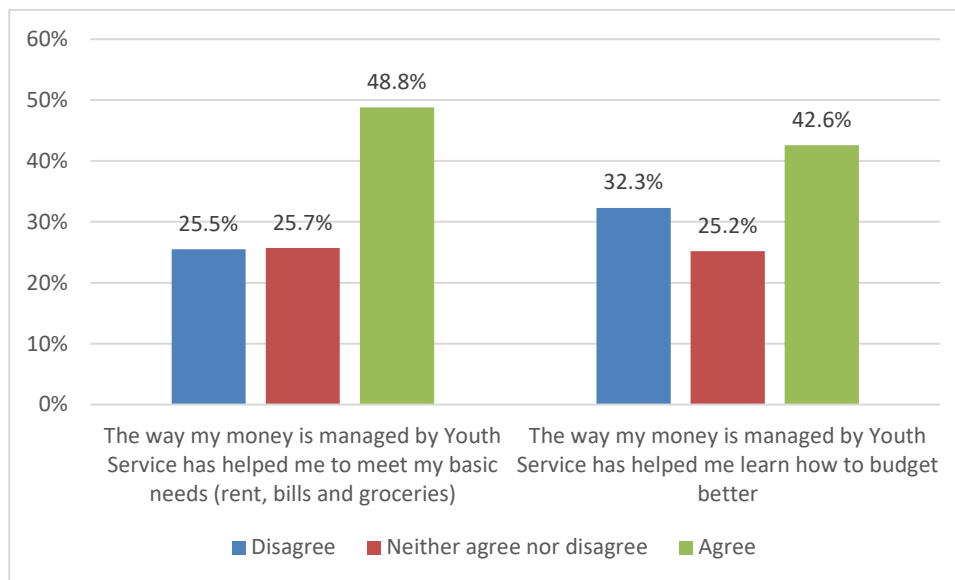
While almost half (48.8 percent) of participating young people agreed or strongly agreed that the way that Youth Service providers manages their YP/YPP helped them to meet their basic needs, 25.5 percent disagreed or strongly disagreed that it helped them to meet basic needs. Furthermore, over a quarter (25.7 percent) of young people neither agreed nor disagreed. There are numerous reasons why participants might have chosen this response option⁹.

⁹ Refer to footnote 4, p.14 for research on how to interpret “neither” options in surveys.

Just over 40 percent of young people agreed or strongly agreed that the way their payment is managed helped them to learn how to budget better; 32.3 percent disagreed or strongly disagreed and 25.2 percent neither agreed nor disagreed. Therefore, while most young people agreed that the way Youth Service managed their payment was helpful in these ways, the proportion of those who disagreed remains substantial.

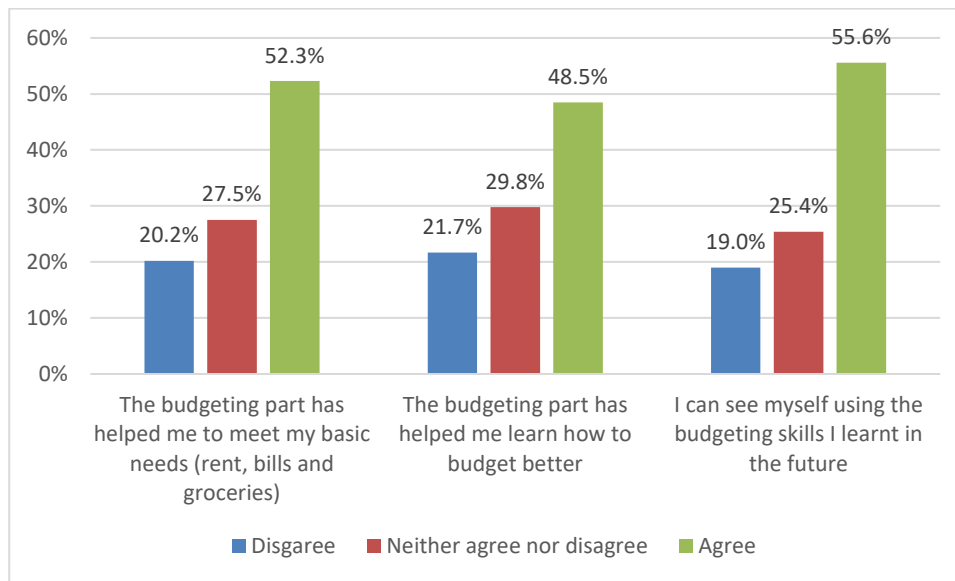
Furthermore, as can be seen in figure 8, there were fewer young people who believed that the way their payments were managed helped them to learn how to budget better than young people who thought it helped them to meet their basic needs.

Figure 8. Perspectives on the effectiveness of the management of payments component.



Compared to the management of payments through Youth Service, more young people indicated that the budgeting component (including the budgeting courses and the discussions they have with youth coaches about their finances) was helpful in ensuring they meet their basic needs and learn to budget (see Figure 9.). However, there was a considerable proportion of young people who did not feel that the budgeting component is helpful in ensuring their needs are met (20.2 percent), and in teaching them how to manage their finances (21.7 percent). Fifty-six percent of young people felt that they could use the skills they developed through the budgeting component in the future. The qualitative questions of the survey, which is discussed later, provide some indication as to why young people might not have found the budgeting course more helpful. Similar to the previous survey item, a large proportion of young people chose the neither agree nor disagree response option.

Figure 9. Perspectives on the effectiveness of the budgeting component of money management.



Young people feel that money management is contributing to various problems

When we asked young people whether they experienced difficulty with any aspect of money management, 54 percent said yes. A hundred-and-ninety young people told their stories of the problems they had experienced due to money management.

1. Young people struggle to meet their basic needs and are hindered by the limited use of the payment card

The two main issues young people experienced with money management were that the amount they received through the payments were not enough to meet their basic needs (over half of those who completed this question), and the limited use of the payment card (60 percent).

"(I) do not have enough money to pay any of my essential bills each week"

"Its really difficult to manage life. Fuel costs, entertainment and outings for our babies are not taken into consideration. Reality is that \$50 is not enough for anything, doesn't matter how many budgeting courses you do"

"As I was only getting 50 p/w I found it hard to make it last especially when I needed to shop for personal hygiene items and still have a decent amount left over to use for anything"

"My daughter would have to miss out on days of school because there was no gas to get there"

"I've had to rely on my family to get me basic things for my son and I (clothes, bras, toys, nursing items) because my payment card declines everywhere but supermarkets"

"I havent been able buy my son clothes, pay for my car wof and rego. I haven't been able to save up for big events like christmas and my sons birthday. I havent"

been able to afford to full up my car with petrol and has had to borrow money off my mum"

"It made it really hard to do anything. Couldn't pay for gas, couldn't pay my phone bill. Couldn't buy basic needs for my child at times because of the strict restrictions on where you can spend it. You also couldn't take your child out to do anything fun because A. No gas and B. If it cost anything oh sorry your out of luck"

2. The administrative burden of engaging with providers and Youth Service costs young people time and money, and causes them stress

The third most often mentioned issue was related to the administrative burden of money management. Many young people reported that it initially took them a long time to receive their payments or to make changes to the way their payments were being distributed. Youth coaches were also not always available to meet. At times the slow process caused young people to experience stress and to accumulate debt. The basic needs of some these young people were also left unmet while they waited.

"Everytime our powerbill/bills had changed, we would have to meet with our youth coach first. Sign some forms of the changes, and than we would wait a few days/ a week until the changes had been accepted. By than we would be behind on Payments, which had happened a bit too often; we ended up falling into huge debt; which we are still paying back"

"I would have to drive an hour a day just to get to Youth Service appointments"

The limit use of the payment card in particular conflated the administrative burden young people experienced.

"was frustrating having to go in and apply to get my own money out of payment card for things like gas, dryers for clothes that the \$50 did not cover"

"if we get a green card transfer to use money at a certain shop, we have to make trips back and forth to (Youth Service provider) signing paperwork. But where do we get this extra petrol money from?!!!!!! We go without doing our groceries or going to catch up with family or friends because we have a couple less trips a week we can make. Going back and forth to sign [stuff]. (If these places are not in walking distance)"

"We also have to wait weeks to get an appointment with them to sign a form for temporary stuff like food for the night. It's ridiculous."

3. Young people report that they incur debt due to current settings of money management

Six percent of the young people who completed this question in the survey reported that they had to borrow money to meet their needs. Note that this percentage only reflects those who identified debt in this qualitative question and is not the percentage of all of the participants who might have incurred debt while on money management.

"I ended up in a lot of unnecessary debt because I didn't have control over most of my money"

"Having to pay health bills for hospital recently and not having money to access. Also having to go to family funeral and not having access to the money after being taken off money management for a very long time, meaning I owed money to my family to get to funeral and had to wait ages to pay them back"

"Currently I am paying back my debt with YPP- the debt they put me in... eg when we fell behind on our powerbill because of our payments always changing; we then had to apply for hardship to pay that bill...Also paying back the car seat we urgently needed as my son was just way too big for capsules.- I don't think that's something to have to pay back, it's an essential"

"I had to go back to work when my child was 2.5 months old because my case manager wouldn't help me get off money management and I got sent to the debt collectors for bills I couldn't pay"

4. Money management, particularly the payment card, makes it hard for young people to save money

"I am unable to save any money on the payment card for other things like a car"

"When I was 18 I went to JS and then when I had my baby I was put on YPP and back on money management for months. It hindered my ability to save money for furniture, whiteware and a car (rego, warrenton etc)"

"I have also not been able to put money aside as it all goes into the payment (card) and I strongly disagree with having the money put into the payment card. That should be put in our bank account"

"this means the money you save on your payment card doesn't get used in saving for emergency funds"

"At times I've been receiving \$300+ on my payment card which is ridiculous my child has plenty of clothes and like hell just me and my 1 year old need 300 worth of food everyweek. There's only so much stocking up on food that you can do. I could be using 100 of that towards a car but no. Please reconsider"

5. Many young people feel that money management inhibits them from learning how to manage their finances

Young people said that because they are not in charge of their own finances and do not get money in their account, they were unable to practice how to budget. In their experience, the way their YP and YPP were managed did not reflect real life which hindered them from learning the skills they would need to take care of themselves and their children after coming off money management.

"Money management was no where close to managing your pay in reality"

"It has caused some difficulty as I feel as though I should be able to learn how to pay rent, bills on my own or with help. Not someone doing it for me, but helping me to understand where my money is going"

"Because when I went onto sole parent support after being on money management I didn't know how to do thing for myself cause it was always done for me"

"Young parents will never learn if they aren't given the opportunity"

"How can we learn to budget our money if we can't even manage it. I learnt how to budget by the way I grew up. Money management just made it super hard to budget our weekly income. We usually would have to just wait for payday to see how much we get paid that week"

They also felt that the small amount of money they receive in-hand was too little to allow them to learn how to manage their finances.

"It does not help us budget, you can't budget with \$50. It just restricts us from using our money freely"

6. Young people living in rural areas have additional needs and feel disadvantaged by the current settings

The restrictions of where the payment could be used meant that young people living in rural areas had even more limited options of where they could purchase goods. In some cases, this meant that they had to travel further or were forced to purchase items from more expensive shops.

"Living in a rural area I am unable to use the payment card at the local food shop"

"I couldn't use my payment card at my local groceries store and had to go without food for days until I saved enough for gas to travel to a grocery store"

"because I live in a small community with very limited shopping options but the shops that were allowed for buying clothes and stuff always had hardly any clothing sizes that I needed or were always sold out of a lot of things"

"Having to use the payment card, limits where you can spend the money on it. In some areas it is difficult to get to stores where you may need to use the card and the money could be better used in some cases"

Young people living in rural areas also often had to travel far to meet with their youth coaches or to meet their obligations (eg education). They felt that the amount of money they received through their payments did not account for, and cover, their travel costs.

"Since I lived a while away from (closest provider site) I wasn't able to put enough gas into my car to take my son to appointments or attend Youth Service appointments, I had to rely on other people to take me"

"Payment card wasn't able to be used for petrol which was one of my main costs due to me living 30 minutes out of town"

"\$50 doesn't cover enough gas for me to go to my course from (hometown) to (town where course took place)"

"No way in getting gas for my car, or having to take quotes in to (place of closest Youth Service provider) from (hometown) to get clothes for either me or my son"

7. Young people often experience stigma and shame when using the payment card

Young people repeatedly mentioned that they experienced humiliation, shame and stigmatisation while using the payment card.

"having to use that embarrassing green card for food EVERY SINGLE TIME and not being trusted while I watched people older than me taking advantage of the system while I had to struggle... Hated feeling like a bad parent who couldn't be trusted with money when I felt like the only one who wasn't manipulating the system. Fully get that there are people out there who spend the money on dumb stuff but I felt like it was unfair for me"

"Get rid of the green card this was a waste of money that could have gone elsewhere plus it's humiliating"

"The payment card was also very humiliating when using it to buy groceries as I felt judged- this therefore caused me anxiety and shame"

"I feel ashamed and embarrassed to pull out a payment card at supermarkets"

"I feel belittled and judged by others when using the payment card"

"I feel like there is a lot of stigma behind having and using the payment cards instore"

"when other people see a young person using a payment card they are downgrading us"

8. Several young people feel that money management negatively impacts their mental health

Recipients often attributed their experience of stress, anxiety and other forms of mental ill health to the inadequacy of payments. They also mentioned experiencing stress due to the limited settings of the payment card.

"Overall our experience with Employnz/YPP/Winz has been stressful. I lost hair over the stress, mentally and emotionally drained me. I am pregnant, and look after our 1 yr old full time. The amount of stress we had been through, the amount of break downs! This is not even half of it. We are still currently facing this"

"The young parent payment also does not help because people who want to put savings money away can't because they only get 50 dollars which hardly gets anything with the way prices are now which is actually driving some into depression"

"I could never buy clothes for myself or my baby. I couldn't pay power or phone bills. They wouldn't allow it. I could also never be accepted for fire wood grants as my expenses were too high! I absolutely hate money management, I literally have to see a doctor for my depression over being financially stuffed"

"100% hated my time on the young parent payment. I also gained a lot of weight while I was on this benefit as I could only get food with the green card and this affected my anxiety and depression like crazy"

9. *Young people do not experience money management in the Youth Service as empowering*

Many young people felt that money management decreased their agency and increased their dependence. They expressed a desire to take ownership of their own finances and to make choices pertaining to their own lives.

"We need to learn ourselves instead of being told to use the money for certain things and we shouldn't be having other people manage the money for us"

"I think people should have a chance to manage their own money before they have to be put on money management"

"I just want to feel independent"

Numerous young people also felt that they were viewed as inherently irresponsible and felt that they were treated as children.

" 'Money management' It's in the name, it makes you feel incompetent"

"I dislike they way you pay young parents because this is teaching us how to NOT be independent"

"I ended up in a lot of unnecessary debt because I didn't have control over most of my money. I was treated like a stupid child instead of an adult, a parent"

"We are no longer children in the eyes of the law as of the age of 18. We can buy cigarettes, tobacco, alcohol and can legally gamble. Yet you still leave us in the deep end with \$50 cash a week"

"I think that as young adult , we should be treated as young adults and be given a chance to handle our money once we have shown that we can budget correctly"

"Give everyone a chance at least, don't assume every young person can't budget and will spend their money stupidly"

10. *One young person reported that money management made it easier for them to be exploited*

"Landlord withheld all my board, and didn't feed me. If I had my own money, i could keep x amount from board for food"

Feedback on the Alternative Options for Money Management

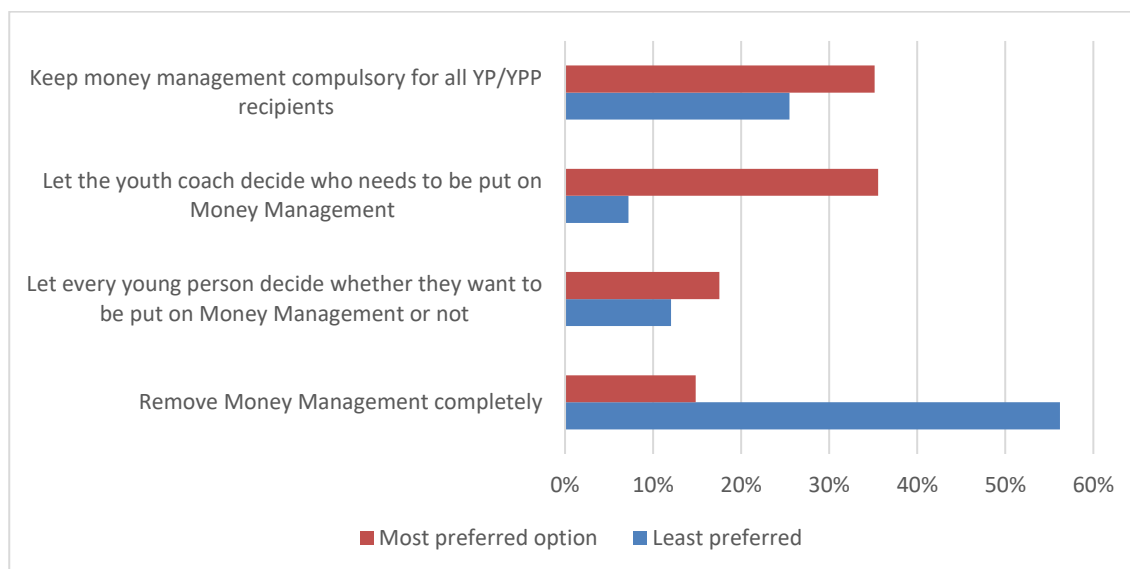
Descriptive statistics

Young people do not want money management to be completely removed

We asked young people to rank different options for money management from the option they believe would be the most beneficial to the option they believe would be the least beneficial. There was no clear preference among young people for which option was the most beneficial; almost as many young people preferred that youth coaches decide which young people need to be put on money management (35.6 percent) than those who thought it should stay compulsory until obligations are met (35.1 percent). It should be noted that the qualitative results indicate that young people wanted several changes to

be made irrespective of whether it stayed compulsory for all recipients or not. The least preferred option was to abolish money management completely as the way of administering the YP and YPP; 56.2 percent of participating recipients indicated that this is the last option they would consider. It is clear from these results that despite the difficulties with money management young people want money management to be retained.

Figure 10. Recipient preference for money management options.



We asked recipients how likely they would be to choose to have their payments managed through Youth Service (through redirection, the payment card and the allowance) if money management was voluntary. Fifty-eight percent said that they if they had a choice, they would opt to have their payment managed. Seventy-nine percent of young people said they would choose to complete a budgeting course if it was voluntary and 81.2 percent said they would choose to talk to a youth coach about their budget. These results indicate that most young people value their engagements with their youth coaches and the budgeting courses, but a large proportion of young people would not choose to have their payments managed.

Qualitative analysis

Two-hundred-and-seventy-four young people (out of a possible 556 eligible participants) completed the qualitative question asking them to explain why they selected their most and least preferred options for money management. This drop in the number of participants likely reflects the increased demand placed on participants by open-ended (qualitative) survey questions.

1. Young people recognise there are advantages to money management

Young people feel that money management can be helpful in ensuring their basic needs are met and in teaching them how to use their money wisely.

"I personally think being on money management while on any type of benefit helps alot, so people know how to spend wisely"

"The first 3 months of an infant's life are crucial, and this can also be a very stressful and overwhelming time for new young mums, so basic needs must be met and Money management plays a huge role in ensuring this. Having bills etc

automatically paid directly from YPP/YP means there is one less thing to worry about"

"By completing the money management course, we get to step back and look at our spending habits, whether beneficial or destructive, and reconsider saving habits that create a stable financial foundation for us. In doing so we can re-evaluate financial priorities and save our money in better ways. Though many of us already know basic money handling skills, many young people on the payment have not been introduced to it"

"Money management ensures that the money is going where it should be, to meet living costs. The payment is a privilege, any resent towards control of the money is taking it for granted. I think while you're learning to budget, those safeguards are great"

"Keeping money management as the same for youth has helped a lot of people better manage their money so that they know what to spend it on exactly throughout the week and what to budget with the leftover spending once the bills have been paid"

"The budgeting course helps alot. Especially with being a young parent, it is good to have a teachable mindset within the 6month wait on money management as it gives you time to meet the obligations and in general i wouldnt be were i am with the help in the way that money management was already and is how it is placed now"

"I think money management for youth is an awesome idea as school doesn't teach you how to manage your money and budget probably yet doing this helps a lot"

"Money management definitely helps even if people don't like it"

2. However, they do not think the compulsory setting recognises their unique circumstances and different levels of financial capacity

"Every client is different so there needs to be options that suit them"

"Every person is different and are in different circumstances"

"I don't think money management is bad, it just hasn't been working for me. I believe some people do need it"

"Not everyone needs money management, because they're already good with budgeting their money. But there are some that will need help and will need the support so that they can sort their money out properly and still have enough left for food"

"To be fair there are probably some people who abuse it and end up with no money as they have spent it on useless things. In our situation we are a married couple with a young child, we were fully capable of managing our own funds, but because of the cookie cutter approach, we were in a bad position due to money management. Everyone is different"

"I believe money management is helpful if it is needed considering all aspects of the young person's life. I don't believe it should be compulsory because many young people can be trusted and spend their money accordingly"

"Because a lot of young people don't actually spend their money stupidly and they spend it responsibly and shouldn't be on it"

"Not all young people intend to do good things with money so yes leave it up to the youth coach to make a decision, some youth are mature enough to manage their own money but not all!"

"In my opinion there are young people who need to be on money management as some may not know what to do with their money or how to be responsible with it e.g. buy alcohol but there are others who are responsible enough to use their money/allowance appropriately. For example young people who provide their basic living costs to their caregivers etc and prioritize first before buying other things such as a ps4 I believe shouldn't have to be on money management as they pretty much have it on lock down"

Recipients feel that making money management compulsory to all young people constructs young people as inherently irresponsible.

"I feel it is unfair to force money management on somebody who does not need it. I feel it is unfair that because some young mums wasted their money on stupid things other mums had to be out on money management who could have shown they didn't need it"

"not all 'young people' are irresponsible"

3. Young people believe youth coaches are well placed to decide who to place under money management

Many young people felt that youth coaches understand their situation, needs and financial capacity.

"I ranked the first one (letting youth coaches decide) the best because it's your coach that knows you and knows your financial situation so if they think depending on your current situation that you should be on money management, that's best for you to be on money management but if you're not it then that's fine as well"

"I believe the coach should decide the capability of his client in terms of money management as some are far more capable than others"

"Every person is different and are in different circumstances, the youth coach will be able to identify whether or not the person will take things seriously and be responsible"

"I think that the youth coaches who the youth work with daily and who have control over what does and doesn't happen with the young person should be able to decide if the youth is capable of paying their own bills etc however if the youth has proven to be untrustworthy, useless with money, constant debt (because of themselves) then they will still need to be on money management however I don't think people who actually pay their bills on time, are trustworthy, are capable of having their own money should be punished because of the ones who can't. We should at least be given a chance to show we can budget and handle our own money"

"Within the first few weeks my youth coach could identify that I was good with my money and wanted to take me of mm then but couldn't as I had been with her long enough nor had I done the required budgeting course. I agree with the statement that the youth coaches should determine who goes on and who doesn't"

4. Some youth have reservations about letting youth coaches decide

"Though, I don't mind the second option where the Youth Coach decides who needs to be put onto money management but issues of discrimination or pre-made judgments could be an issue with this option"

5. Most young people do not think money management should be removed completely

The qualitative results echo the quantitative results that most young people do not think money management should be removed completely. Several young people believe that removing money management completely would hinder those who do need it.

"I think it's good that there is help with money management because it helps a lot of people who don't how to manage. I wouldnt take away money management completely because some people don't know how to budget or do these things properly and do need the help"

"if you take the money management away completely then you arent giving those who want it a choice to do it"

"Some people still need it. It may seem contradicting to my last statement, but don't get me wrong there are still parents/people who do not know how to be good parents/people to make the right choices for their children/dependants"

"I wouldnt take away money management completely because some people don't know how to budget or do these things properly and do need the help"

Youth Recommendations

A hundred-and-eighty-nine young people completed the third qualitative question which asked if they had any ideas of how the way their YP/YPP could be improved. This decrease in the number of participants could indicate participants' fatigue, particularly in completing open-ended questions, of which this was the final question. The purpose of this survey question was to allow respondents to identify new issues not captured in previous questions. However, it is possible that many young people felt that they did not have much to add to their comments provided in the previous two open-ended questions.

This section used data from all three of the open-ended questions in the survey (the first asking them if they have experienced any difficulties while under money management, the second asking them to explain why they selected their most and least preferred options for money management, and the third asking them how the way Youth Service manages YP/YPP could be improved).

1. Recommendations about the redirection of payments

There should be more flexibility around the options for the redirection of payments

Some young people wanted the option of having their payments redirected to pay their board, rent and other bills.

"If someone wants to be on money management then allow them to structure their own allowance, payment card money etc"

"Board/rent and all Bill's paid by Youth Services before the rest of your money goes into your account"

"I think I would rather have the option but I would still like my power/rent to be paid through winz"

"If someone wants to be on money management then allow them to structure there own allowance, payment card money etc"

2. Recommendations about the payment card

Remove the payment card

From the research it was clear that the payment card was perceived as one of the components of money management that young people said contributed to the most difficulty. Recipients suggested that if money management were to be kept compulsory that after the redirections towards rent etc, the remainder of their payment by paid into their bank accounts.

"Get rid of the green card"

"Put all the money in our bank accounts & not into our payment cards"

"Just give the money direct in bank account so we can be able To be seen as a normal citizen rather than going up to the counter with a bright green card and having to sign which makes it obvious as heck"

"they need to get rid of the payment card and let us have full access to all the money where eligible for"

Expand the way and places where the payment card can be used

"If the payment card gave more options especially for stores like the warehouse and Kmart it could actually be a lot better than loading majority into a payment card for the supermarket where they obviously don't need to spend it especially when it's quite a significant amount"

"Let our payment cards work at the warehouse!"

"Being able to use the payment card at the doctors or pharmacy"

This is particularly important for young people residing in more rural areas who have even less options of where they could use their card.

"If the money management continues I think there could be just a little bit more money in your bank account rather than the card as there's not much for us (who live further way from a larger city or town) to spend the payment card. We don't have t&t, baby factory ect"

Young people frequently mentioned that they wanted to be able to purchase petrol with the payment card (if it were to be kept).

"If you don't take away the green card stuff at least let the green card be used for gas too"

"Finding a way that you would be able to purchase Petrol vouchers you used to be able to from countdown but then that stopped"

"Also if a parent is put onto money management the cards should be able to be used at a gas station so parents are able to travel to doctors' appointments!!!!"

Recipients also mentioned that it would be useful if they could use the payment card at second-hand shops and online.

3. Recommendations about in-hand allowance

The amount of money young people receive in their bank accounts should be increased (especially if the payment card is kept)

"I think keep money Management it's awesome! But giving extra money to the recipient in their bank every week will give us all so much more independence and spend less time on the ypp"

"I think \$50 is very hard to live on"

"by putting more money in our bank account and less on our payment card as the money we receive in our account just isn't enough to cover all of our needs like power and gas that can't be paid with our payment card"

Young people did not feel that the payments reflected the reality of their lives.

"The way the YP/YPP is managed could be improved) by understanding the costs of every day living"

4. Recommendations about obligations

Obligations should be cognisant of the needs of young parents

"I also feel the parenting course that was a requirement of those on a YPP is in serious need of revision, I was told I had to bring my daughter to all course sessions- bringing her along for hours depriving her of routine all whilst trying to focus on the course. I was told that the children were somehow involved in the course but throughout the course there was no real need for them to be there"

"The long hours for the budgeting course we had to attend, it was not suitable with a baby"

"Another problem is if a young mum has a fully breastfeed baby they will not be available for work, courses or education because there baby will be fully dependant on them to be fed so you cant just throw the baby in childcare just like that, and then the Youth Services will threaten to cut there benefit because there failing their obligations"

Budgeting courses should better reflect real life

"The budgeting course is outdated and in my opinion a waste of time. It felt like they were treating me like I was still in school by giving us stupid activities to do like we were in primary"

5. Recommendations for youth coaches if they were to decide who to place under money management

Young people felt that youth coaches need a standardised guide to assess when money management is needed. Some young people implied that youth coaches should use a guide to decide who to place under money management in the first place, while others suggested that youth coaches use a guide to decide when to take young people off money management.

"There should be a template that the Youth Coaches would need to follow"

"Have a system to estimate who is capable of managing their own money"

"I feel like the coach should decide but make sure the coach is qualified to"

"Youth coaches should be able to meet each young person and do a proper evaluation to see whether they would be responsible enough to manage their own money/ have whanau who can show them these skills and continue to guide them until they can do so themselves. Rather than categorise every young person as unable to manage their finances"

"it is best to have a professional, unbiased and outside opinion on whether a young person needs to undergo the course"

"1. Let a youth coach go through whatever they learnt throughout the budgeting course. In saying this, money management is still intact. 2. Set up at least 3-4 appointments to see how their budgeting is going. I say 3-4 because I do understand that there is people out there who can budget and some who find it harder. Although throughout each visit, the youth coach can provide better ways to teach us how to budget better. 3. Once the youth coach feels confident in that persons budgeting skills and has had at least 3-4 appointments they can decided whether or not they will remove the money management. 4. Although the youth coach does need to give a good reason why they shouldn't remove the money management. I suggest making a simple check list for each youth coach to check off so there is no complication on their side too. :)"

6. Recommendations relating to youth coaches

Young people want improved communication and more positive relationships with their youth coaches

"Communication between Youth Services and their clients needs to be improved big time!"

"Make sure the youth coach keeps in contact with their clients & helps them out"

"They should keep in touch with all clients and communicate"

"I would say to be more open with communication and updates between the youth coach and the person. I think sometimes there can be a lack of it which means if something goes wrong it is harder to deal with"

"Youth coaches need to make young people feel comfortable in their presence as my youth coach completely judged me and assumed that I was a high school drop out with no level of NCEA at all... there was next to no effort at all on her behalf to even try to compromise the way she was, not even showing empathy towards me and my situation when I was clearly distraught"

"By getting coaches that are attentive to your needs and do what they say they are going to do"

Some recipients report that the high case load of youth coaches negatively impacts their communication with their youth coach.

"Sometimes hard to get in touch with Youth Service due to case load"

"My coach takes weeks to reply to my text messages, it would be great if that could change"

As mentioned previously, young people in rural areas in particular can find it challenging to meet with youth coaches. One young person said it would be useful to:

"Hav(e) the youth providers in town more the once a week especially when we need desperately need to do change of address ect"

Several young people want more help from, and regular engagement with, their youth coaches

"More budgeting, More interactions, be More present"

"More regular check ups, available when needed. More help and more support"

"More contact"

"More regular appointments. I.e compulsory every 2 weeks"

"Youth Coaches should see their clients weekly to help them out more"

It should be noted that while some young people expressed a desire to have more contact with youth coaches, not all young people shared this desire. Many young people reported that seeing a youth coach regularly was difficult due to the transport cost and time associated with it and experienced stress as a result. Other young people said they would prefer to be able to engage with MSD directly rather than a youth coach.

"Coming in to the office everytime...is a hassle and uses up more bus money/petrol than would otherwise be necessary"

"Have access to my MSD like other people do. Rather than speaking to a youth coach"

Young people would value other forms of support from youth coaches

Young people frequently expressed a need for youth coaches to support them beyond their finances and to focus on supporting positive development rather than monitoring obligations, incentives and sanctions.

"I think they are good as is, but Youth Services should be entitled to help us in more way they already do"

"coaches should just be there for guidance and support not to babysit the parents (on YPP)"

"(the Youth Service provider) did very little to help if you were in a bad situation that you couldn't get out off . They just sorted your payments and let you be, money is not everything other support should be offered"

"more personal support"

Young people expressed a need for additional support in the following forms:

- More information about what support they are entitled to.
- Help in navigating and applying for additional support from government.
- A way to connect with other recipients as a support system.
- Printable resources *"such as shopping lists, weekly/monthly budgets, goals"*; *"a list (for young parents) of what they can get for their child and how you can help them or support the family for their baby needs"*.
- *"Courses to help learn essential skills to live e.g. meal prep and cooking"*
- Help with applying for suitable accommodation.
- Help with transport, especially to meet obligations or engage with Youth Service.

7. Other recommendations

The interface between MSD and Youth Service providers needs to be improved

"Not to mention the constant negligence between youth and WINZ constantly shifting the blame and responsibility on one another -meaning we never ever got our issue solved"

"Faster handling with forms waiting to be accepted"

"Not making the process of the YPP and things during it so hōhā"

Some young people suggested that increasing the power of service providers could mitigate the administrative burden caused by the communication process between MSD and providers.

"Allowing the youth coach's to approve more things rather than having to send it away and then being approved"

Reconsider who needs to be on money management

Recipients believed that older young people and especially YPP recipients who received another type of income support in the past should not be placed under management.

"I think the age for the money Management should stop at the age of 18"

"I think Youth Service is great! But I also think that at 19 I should be able to be going through Work and Income instead like I was able to before I had a baby. When you have a baby between the ages of 18 and 20 if you were previously on the benefit at 18 you would be going through work and income then once you have your child, you're switched back to Youth Service which doesn't make sense as you need to be an adult for your child"

Synthesis of research

Discussion

The purpose of this research is to contribute to an evidence-base that will ensure that the options considered for money management are robust, appropriate and cognisant of the experiences of YP and YPP recipients.

The two studies discussed in this report demonstrate the ways through which the current settings for money management in the Youth Service both help, and at times hinder, young people to achieve better outcomes.

From the two studies it is clear that Youth Service providers and young people have similar views on compulsory money management. Both providers and current and past recipients see a definite benefit in some of the components of money management. However, they believe that other components are less helpful and may at times even cause young people difficulty. From the findings it is evident that young people may feel disempowered and stressed particularly due to the universal compulsory nature of money management and the limitations of the payment card. Providers and young people call for greater flexibility in the way money management works.

One of the key questions raised by both providers and clients in the research, is whether the policy successfully teaches clients the skills needed to manage their finances by themselves, and the intrinsic motivations for doing so. In their experience, the way their YP and YPP are managed does not reflect real life which hinders young people from learning the skills they would need to take care of themselves and their children after coming off money management.

While many young people and Youth Service providers expressed that they feel the amount received through the payments are inadequate, results indicate that their opinions on the overall adequacy may be influenced by their perceptions of the inadequacy of and problems associated with *particular* components, especially the payment card.

Previous research suggested that money management may either lead to the incur of debt, or make it harder for individuals to manage their existing debt (Humpage, 2018). The findings of the two surveys discussed in this report reveals a more complex picture. Three-quarters of providers reported that money management helped young people to manage their debt repayments. Some of these providers believe that in the absence of money management many more young people would acquire debt. Conversely, some providers explained that the time it takes to set up, and adjust, the redirection of payments has resulted in some young people failing to pay their bills on time, which can lead to debt. Some of the YP/YPP recipients also claimed to have experienced this. There were providers and young people who felt that the management of payments made it harder for young people to pay off existing debt due to the inflexibility in the way that young people could use their money.

Thinking about alternative options for money management, providers and young people preferred that youth coaches decide who needs money management rather than having it compulsory for all young people receiving YP/YPP. Neither of the groups wanted money management to be completely abolished because it was thought to be a necessary measure for some young people.

The research highlights that the distinct needs of YPP recipients should be better acknowledged by the policy. Young parents expressed that the payment rates, restrictions of the payment card and nature of obligations in particular, caused difficulties some of which interfered with their responsibilities as carers. A number of YPP recipients transitioned to YPP when their babies were born after already receiving other forms of income support such as jobseeker support. Having managed their finances by themselves in the past, they felt that money management was unwarranted. The research also emphasises that recipients residing in more rural areas have unique needs and that the negative consequences of money management are often exacerbated by where they live. Young people in more rural areas report needed to travel further to purchase goods from approved outlets, to meet their obligations of engaging with their youth coach, as well as their training and/or education obligations, while simultaneously being unable to purchase petrol with their payment cards.

The findings of the current research largely echoes previous New Zealand research on money management (eg Fletcher et al., 2013; Humpage, 2018; Ware et al., 2017). The contribution of the current report is that in addition to discussing the various limitations of the policy, the findings also reveal the ways in which providers and young people believe money management can be beneficial. The research also unpacks the experiences of money management by the different components of the policy thereby allowing a more nuanced understanding of what works, and what does not, for young people. Through this research both providers and recipients (current and past) were able to express their opinions on several alternative options being considered for the policy.

Limitations of the research

This research focused on the perspectives of Youth Service providers, and past and current YP/YPP recipients, on money management. These views, while important, do not constitute sufficient evidence of the impact of money management on the outcomes of young people. It does not provide evidence on whether money management increased the financial stability or capacity of YP/YPP recipients, or whether it decreases the likelihood or duration of future benefit receipt. Assessing this would require an impact evaluation.

The alternative options that we asked participants to provide feedback on were developed independently of this report. We recognise that the option that most participants preferred, to let youth coaches decide who to place under money management, still rests on the untested assumption that, as iterated by Humpage (2018), money management does indeed increase the financial capacity of young people who struggle to manage their finances.

The survey had a low response rate from young people. Youth from across the country participated in the youth survey. However, it is possible that the use of an online survey only could have made it harder for some youth to participate and inadvertently selected some groups of young people. It is therefore likely not a random sample of young people on YP/YPP. Furthermore, while all young people who have received YP/YPP in the past three years were invited to participate, this research did not purposefully sample young people with disabilities or LGBTIAQ+ youth and did not analyse the results according to their unique needs. Taking this into account, caution should be applied when generalising the findings to all young people and providers.

There was no minimum required time that recipients of the YP/YPP had have received the payments before being eligible to participate in the survey. There is a risk that the participants who had limited experience on money management may have views that are different to those who had received the payments for longer. Reaching saturation of the qualitative findings may have mitigated this risk.

Recognising that Youth Service providers and young people may have distinct views on money management, this research sought to gain the insights of both. One of the benefits of gaining the views of providers is their understanding of the welfare system more broadly and their experience in working with several young people over time. However, we acknowledge that providers could have been influenced by any other considerations apart from what is best for young people.

Neither of the two surveys explicitly investigated youth's experiences of coming off money management. Even so, several young people did share how they experienced being off it without being promoted, and quotes discussing this were included. Research dedicated to exploring this aspect of money management would be contribute to a more holistic understanding of the policy.

The two surveys only attempt to speak to part of recommendation 38 of *Whakamana Tāngata*. MSD will continue work in this area further and has planned broader engagement for the wider welfare overhaul. We recognise that some of the concerns raised by the providers and young people who took part in the survey might be addressed by other pieces of work in the Ministry, some of which forms part of the long-term welfare overhaul work programme.

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Appendix A: Methodology and Ethics

Participants

The participants of the first study are Youth Service providers who are contracted by MSD to deliver compulsory money management to young people receiving YP or YPP. There are approximately 41 providers who are contracted to deliver compulsory money management. All of these were invited to participate.

The participants of the second study are young people who are currently receiving YP, YP partner, YPP or YPP Partner, and young people who had received either of these payments no longer than three years ago.

Recruitment

The providers were invited to participate in the survey through ART (Activity Recorder Tool). The ART is an online web-based tool that has been created to capture information about young people who are participating in Youth Service and have been referred to a service provider as a client. A notification was placed on ART with a link to the survey, inviting providers to participate. The invitation to participate was sent to managers and youth coaches/mentors who were then encouraged to pass on the invitation to other managers or youth coaches within the organisation.

Youth Service who hold the contact details of young people who are/have received YP/YPP in the last three years sent out invitations through an MSD mailbox to potential participants. Youth Service providers were alerted to the youth survey through ART.

Data collection and analysis

We administered both surveys through the online platform, SurveyMonkey. The survey consisted of close-ended and open-ended questions. Two of the questions related to giving consent to participate.

A mixed-method survey (with quantitative and qualitative components) was chosen to allow us to collect information in a way that was sufficient yet minimized the demand placed on participants. This method took into consideration the timeframes of the required research while still allowing for some in-depth information to be collected.

The close-ended items were analysed using descriptive statistics and the open-ended items using thematic analysis. The thematic analysis focused on the identification of emergent themes. Quotes from the qualitative analysis were used as they were written and were not edited in any sense.

Ethics

The Research and Evaluation unit within MSD reviewed the ethics for the first study as it was assessed to be of low risk. The MSD ethics panel reviewed the ethics of the second study.

Both studies put in place mechanisms to ensure that participants understood that the participation in the survey was voluntary and what their participation would involve. Firstly, an information page was attached to the invitation to participate. We also included an information section (introduction page) and an electronic consent form on SurveyMonkey itself. Before being asked to provide consent, participants were taken to

the introduction page which clearly presented the details of the research to participants to make sure they are fully informed about what their participation might mean for them. The introduction page on SurveyMonkey itself outlined the purpose of the research and the voluntary nature of participation in the survey. It explained participants' privacy rights, the use of the collected data, their rights to access their collected data, and the storage and disposal of the data. The page emphasised that identifiable information would not be collected. It also informed participants that MSD would adhere to the MSD Ethics Handbook and the Ministry of Social Development's Code of Conduct. A link to SurveyMonkey's privacy policy was included in the information page.

On the consent page of the survey, participants were asked to confirm that they have understood the nature of their participation and that they agree to take part in the research. The response to the consent form was set as a required option/qualifying question. This means that if participants answered "no" or failed to answer the consent question, they were taken to a disqualification page which exited them for the survey. Therefore, only participants who gave consent were able to take part in the research.

The research team emphasised that participants were under no obligation to participate. This was made clear in the invitation for them to participate, on the information page, and again on the consent page. On all these occasions, participants were also reminded that they were welcome to refuse to answer any question and could withdraw from the survey at any time. There were no negative consequences for declining.

The research team also consulted the MSD Information Privacy & Sharing team and completed a Privacy Screening Checklist. We consulted with the Information Security team and have completed a Security Quality Questionnaire. Both teams agreed that the privacy of participants was ensured and that their data was secured.

Providers were assumed that participation was not linked to the MSD tender process in any way. Young people were assured that participation in the survey was not linked to their payments or obligations in any way.

- The payment card
- The in-hand allowance

II. The budgeting component, this includes:

- Budgeting courses
- Conversations about budgeting with service providers

6. How much do you agree or disagree with the following statements about the effectiveness of the different components of Money Management?

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The management of payments is successful in ensuring young people have their basic needs met	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The management of payments is successful in improving the financial capability of young people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The budgeting component is successful in ensuring young people have their basic needs met	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The budgeting component is successful in improving the financial capability of young people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Most youth can apply the skills they learnt from the budgeting component in the long-term (at least five years after taking part in it)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Changes to Money Management

7. Which of the following options for Money Management do you think would achieve the best outcomes for young people?

Please rank from the best (1) to worst (4) option.

	Keep it as it is: so that all young people who receive Youth Payment or Young Parent Payment must go on money management
	Let the youth coach decide who needs to be put on money management.
	Let every young person decide whether they want to be put on money management or not.

	Take away money management completely
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8. Why do you think the option you ranked first would be the best? **Open-ended**

Please provide some detail to help us understand your views on these options. Please do not share personal information.

9. Why do you think the option you ranked last would be the least desirable approach? **Open-ended**

Please provide some detail to help us understand your views on these options. Please do not share personal information.

10. If it was voluntary, how likely do you think youth would be to choose to:

	Very unlikely	Somewhat unlikely	Somewhat likely	Very likely	Don't know
Have their payments managed (through the redirection of payments, the payment card and the in-hand allowance)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Take part in the budgeting components (budgeting programmes and discussions with youth coaches)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Further engagement

We are interested in continuing the conversation on compulsory Money Management in the Youth Service. If you are happy for us to contact you in the future for follow up conversations, please provide your details below.

Name:

Email:

Phone:

Thank you for your time.

Appendix C: Survey for current and former YP/YPP recipients

Consent to take part in the survey

Thank you for taking the time to give us feedback on how the Ministry of Social Development delivers money management to young people.

1. I understand that:

- it is my choice to take part in the survey or not
- I can exit the survey at any time
- I can do this without having to give any reason, and without experiencing negative consequences of any sort
- if I do not feel comfortable with the questions, I do not have to answer them
- the findings from the survey may be used by the Ministry of Social Development
- when the Ministry of Social Development writes their report, they will not use any information that can identify me as an individual
- all information will be stored securely for one year before being destroyed
- this research is completely unrelated to my obligations for the Youth Payment or Young Parent Payment

Yes, I understand

No, I do not understand

2. I agree to take part in this research.

Yes

No

Body of Survey

3. Which of these payments have you received in the last three years (multiple choice response)?

Youth Payment, (YP) Young Parent Payment (YPP), Youth Payment partner (YP Partner), Young Parent Payment partner (YPP partner), none of above (disqualify)

4. Was/is this your first time receiving YP, YPP, YP partner, or YPP partner? **Yes/No**

5. Have you ever received another type of financial help (income support) before you started receiving YP, YPP, YP partner, or YPP partner? **Yes/No**

Examples of income support:

Job seeker

Special needs grant

Transition to work grant

Guaranteed childcare assistance payment

Student allowance

Accommodation Supplement
 Temporary Additional Support
 Working for Families Tax Credit
 Disability Allowance

Experience of Money Management

Money Management is the way you receive your youth payment or young parent payment through Youth Service. Money Management has two parts:

I. How your money is managed, this includes:

- The way Youth Service pays your rent and bills straight from your YP/YPP
- Payment Card (for things like food, basic clothing and household items)
- Allowance paid to your account (up to \$50)

II. Budgeting, this includes:

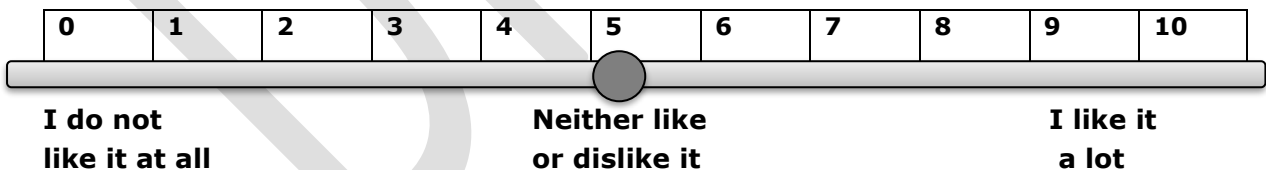
- Budgeting courses
- Talking with your youth coach about budgeting

6. Are you currently on Money Management? Yes/No

- **If yes**, how long have you been on Money Management?
- **If no**, how long were you on Money Management before you were been taken off by your youth coach?

Less than 3 months
Between 3 and 6 months
Between 6 months and 1 year
Between 1 and 2 years
More than 2 years

7. Please tell us how you feel about Money Management.



8. How much do you agree or disagree with the next statements about the way your money is managed (i.e. how Youth Service pays your bills for you, your payment card and allowance)?

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The way my money is managed by Youth Service has helped me to meet my basic needs (rent, bills and groceries)	○	○	○	○	○

The way my money is managed by Youth Service has helped me learn how to budget better	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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9. How much do you agree or disagree with the next statements about **the budgeting part (i.e. budgeting courses and discussion with your youth coach)**?

	Strongly disagree	Disagree	Neither agree or disagree	Agree	Strongly Agree
The budgeting part has helped me to meet my basic needs (rent, bills and groceries)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The budgeting part has helped me learn how to budget better	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I can see myself using the budgeting skills learnt in the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Is there any aspect of compulsory money management that has caused a problem for you? **Yes/No**

11. **If yes**, please tell us in what way it caused you difficulty? **Open-ended**

Please provide some detail to help us understand your views but do not include any personal information that could identify you or others.

Changes to Money Management

12. Which of the following options for money management do you think is the **best**?

Please rank from the best (1) to worst (4) option.

	Keep it as it is: so that all young people who receive Youth Payment or Young Parent Payment must go on money management
	Let the youth coach decide who needs to be put on money management.
	Let every young person decide whether they want to be put on money management or not.
	Take away money management completely

13. Why you think the options you ranked first/last would be the best/worst for young people? **Open-ended**

Please provide some detail to help us understand your views on these options but please do not include any personal information that could identify you or others.

14. Please tell us if you have other ideas of how the way Youth Service manages your YP/YPP could be improved. **Open-ended**

Please give some detail to help us understand your views on these options. Please do not include any personal information that could identify you or others.

As mentioned, Money Management has two parts:

I. **How your money is managed**, this includes:

- The way Youth Service pays your rent and bills straight from your YP/YPP
- Payment Card (for things like food, basic clothing and household items)
- Allowance paid to your account (up to \$50)

II. **Budgeting**, this includes:

- Budgeting courses
- Talking with your youth coach about budgeting

15. If money management was voluntary, would you choose...

	Yes	No
that your YP/YPP goes through Money Management until you meet your activity responsibilities?		
to complete a budgeting course?		
to talk to a youth coach about your budget?		

Participant demographics

And finally, tell us more about yourself...

16. How old are you? **16, 17, 18, 19, 20 or older**

17. What is your gender? **Male, female, gender-diverse, prefer not to say**

18. What is your ethnicity? *Feel free to tick all that apply to you.*

Māori, Pacific, European, Asian, Middle Eastern, Latin American or African, other ethnicity (please specify).

19. Which region do you live in? **(drop down menu with regions)**

Future Research

We would like to talk with you about money management again in the future. If you are happy to talk to us again, please send us an email on [xxx](#) with your name, contact number and 'Money Management Survey' in the subject line.